

1 Patrick R. Leverty, Esq.
2 **LEVITY & ASSOCIATES LAW CHTD.**
3 Reno Gould House
4 832 Willow Street
5 Reno, NV 89502
6 Telephone: (775) 322-6636
7 Facsimile: (775) 322-3953
8 Email: pat@levertylaw.com

9 *Counsel for Plaintiff*

10
11
12 **IN THE UNITED STATES DISTRICT COURT**
13 **DISTRICT OF NEVADA**

14 HANS MENOS, derivatively on behalf of ECO
15 SCIENCE SOLUTIONS, INC.,

16 Plaintiff,

17 vs.

18 JEFFERY L. TAYLOR, DON L. TAYLOR,
19 L. JOHN LEWIS, S. RANDALL OVESON, and
20 GANNON GIGUIERE,

21 Defendants,

22 and

23 ECO SCIENCE SOLUTIONS, INC.,

24 Nominal Defendant.

Case No.

JURY TRIAL DEMANDED

25 **VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT**

26 Plaintiff Hans Menos ("Plaintiff"), by his undersigned attorneys, derivatively on behalf of
27 Nominal Defendant Eco Science Solutions, Inc. ("Eco Science" or the "Company"), files this
28 Verified Shareholder Derivative Complaint against Defendants Jeffery L. Taylor, Don L. Taylor, L.
John Lewis, and S. Randall Oveson (collectively, the "Individual Defendants"), and Defendant
Gannon Giguiere for the Individual Defendants' breaches of their fiduciary duties as directors and
officers of Eco Science, unjust enrichment, waste of corporate assets, abuse of control, gross
mismanagement, and/or aiding and abetting the foregoing misconduct. As for his complaint against

1 the Individual Defendants and Defendant Giguiere, Plaintiff alleges the following based upon
2 personal knowledge as to himself and his own acts, and information and belief as to all other
3 matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which
4 included, among other things, a review of the Defendants' public documents, conference calls and
5 announcements made by Defendants,¹ United States Securities and Exchange Commission ("SEC")
6 filings, wire and press releases published by and regarding Eco Science, news reports, securities
7 analysts' reports and advisories about the Company, and information readily obtainable on the
8 Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth
9 herein after a reasonable opportunity for discovery.
10

11 **NATURE OF THE ACTION**

12 1. This is a shareholder derivative action that seeks to remedy wrongdoing committed
13 by Eco Science's directors and officers.
14

15 2. Eco Science is a technology-focused company that targets the health and wellness
16 industry. It develops technical solutions ranging from enterprise software solutions to consumer
17 apps for daily use. The Company's core services span business location, localized communications
18 between consumers and business operators, social networking, educational content, e-commerce,
19 and delivery.
20

21 3. On December 15, 2016, an article published on *SeekingAlpha.com* detailed the
22 Company's involvement in an alleged "pump-and-dump" stock promotion scheme, which consisted
23 of Eco Science paying a third-party to promote and artificially inflate Eco Science stock, despite the
24 Company's mobile app products being practically worthless (the "Stock Promotion Scheme").
25

26
27
28 ¹ "Defendants" refers to, collectively, Jeffery L. Taylor, Don L. Taylor, L. John Lewis, S. Randall Oveson, Gannon Giguiere, and the Company.

1 4. On this news, the price per share of Eco Science fell \$0.13, or almost 5%, closing at
2 \$2.55 on December 16, 2016. By the close of market on December 20, 2016, just three trading days
3 after the December 15, 2016 *Seeking Alpha* article was published, the price per share of Eco
4 Science stock had fallen even further to \$1.43.

5 5. On May 1, 2017, the Company filed an annual report for the fiscal period ended
6 January 31, 2017 on Form 10-K with the SEC (the “2016 10-K”), announcing a plan for strategic
7 acquisitions.
8

9 6. On May 2, 2017, Eco Science entered into a letter of intent to acquire Ga Du Bank,
10 Inc. (“Ga Du Bank”), which was announced by the Company in a May 5, 2017 press release.² The
11 purpose of the acquisition was to enter into the cannabis banking industry.
12

13 7. On May 15, 2017, an additional article was published on *SeekingAlpha.com*, alleging
14 that: (1) the Company was furthering the Stock Promotion Scheme; (2) Eco Science engaged in
15 multiple transactions with entities owned by Defendant Gannon Giguere to personally benefit him
16 and support the Stock Promotion Scheme at the expense of the Company and the investing public;
17 (3) the Company’s announced acquisition of Ga Du Bank involved a bank that “the internet has
18 never heard of” and that the Southern Cherokee Nation Red Fire People’s (“SCNRFP”) central
19 bank, the central bank that Ga Du Bank was to operate through and be regulated by, perhaps was
20 not a legally recognized Native American tribe; and (4) the Company’s touting of the Ga Du Bank
21 transaction was for the purpose of furthering the Stock Promotion Scheme (collectively, the
22 “*Seeking Alpha* Misconduct,” and together with the Stock Promotion Scheme, the “Fraudulent
23 Scheme”).
24
25
26

27
28 ² In its press releases and SEC filings as cited herein, the Company uses the spellings “Ga-Du” and
“Ga Du” interchangeably.

1 8. On this news, the price per share of Eco Science stock fell \$0.23, or 9.5%, from the
2 previous day's closing price to close at \$2.17 on May 16, 2017.

3 9. On May 19, 2017, the SEC issued an Order of Suspension of Trading (the "Order")
4 in the Company's securities and a related release. The Order stated that "it appears to the [SEC]
5 that there is a lack of current and accurate information concerning the securities" of Eco Science
6 "because of concerns regarding the adequacy and accuracy of information in a company press
7 release dated May 5, 2017 relating to the company's proposed acquisition of Ga Du Bank, Inc."

8 10. The Order noted that the SEC "is of the opinion that the public interest and the
9 protection of investors require a suspension of trading in the securities of the above-listed
10 company" and thus suspended trading in the Company's securities from May 22, 2017 through June
11 5, 2017.
12

13 11. On May 24, 2017, the Company filed a current report on Form 8-K with the SEC
14 (the "5-24-2017 8-K") which provided additional information on the Company's proposed
15 acquisition of Ga Du Bank. It noted, in relevant part, that:
16

17 A press release announcing the letter of intent was issued on May 5, 2017, and it was
18 not clear in the press release that the Ga-Du Bank is operated through the [SCNRFP]
19 Central Bank; approval by the Chief of the SCNRFP for the acquisition of Ga-Du
20 Bank has been given to the Company and that the Company is now working through
21 the due diligence process.

22 12. The 5-24-2017 8-K also noted that "[o]nce the due diligence is complete, and
23 approved by the Company, the Company will take further steps to close the transaction."
24 Additionally, "In the event the due diligence is not favorable, the Company will not move forward
25 with the transaction."

26 13. On June 6, 2017, the first day Eco Science stock was being traded after the
27 suspension required by the Order, the price per share of Company stock had fallen \$1.72, or over
28 72.5%, from its last closing price, to close at \$0.65.

1 14. On June 26, 2017, the Company filed a current report on Form 8-K with the SEC
2 (the “6-26-2017 8-K”) announcing that the Company’s due diligence revealed a litany of issues
3 concerning the Company’s potential acquisition of Ga Du Bank. The 6-26-2017 8-K revealed, *inter*
4 *alia*, that Ga Du Bank’s charter (which was provided through the SCNRFP) and ability to engage in
5 some desired commercial operations were not sufficiently developed, that the SCNRFP had made
6 false representations to Ga Du Bank regarding its correspondent and merchant relationships, and
7 that Ga Du Bank, despite indicating otherwise to Eco Science, would not soon have a solution for
8 banking with the SCNRFP.
9

10 15. The 6-26-2017 8-K additionally revealed that the SCNRFP had terminated its
11 relationship with Ga Du Bank, which was the sole avenue by which Ga Du Bank, and therefore Eco
12 Science, was to enter the cannabis banking industry. Nonetheless, as announced in the 6-26-2017
13 8-K, the Company entered into a Stock Purchase Agreement on July 21, 2017 to purchase all of the
14 stock of Ga Du Corporation³ (the “Stock Purchase Agreement”) in order to acquire the enterprise
15 solutions and banking platform technology developed by Ga Du Bank related to providing financial
16 banking services.
17

18 16. On September 14, 2017, the Company filed a notification of late filing on Form 12b-
19 25 with the SEC, stating that it was unable to timely file its quarterly report for the fiscal quarter
20 ended July 31, 2017, because Eco Science “has not yet been able to compile all the required
21 financial data for the independent auditor to review.” The Company has yet to file its quarterly
22 report for the fiscal quarter ended July 31, 2017 as of the time of filing of this complaint.
23
24
25

26
27 ³ Upon information and belief, and as suggested in the 6-26-2017 8-K, Ga-Du Corporation owned
28 and/or controlled the assets of Ga-Du Bank, including all of its developed technologies and
enterprise solutions.

1 17. Defendants J. Taylor and D. Taylor, in breach of their fiduciary duties owed to Eco
2 Science, engaged in and/or caused the Company to engage in the Fraudulent Scheme, and were
3 aided and abetted in the furtherance of the Fraudulent Scheme by Defendant Gannon Giguere.

4 18. Additionally, Defendants J. Taylor and D. Taylor, in breach of their fiduciary duties
5 owed to Eco Science, willfully or recklessly made and/or caused the Company to make false and/or
6 misleading statements and fail to disclose that: (1) they engaged in and/or caused the Company to
7 engage in the Fraudulent Scheme; (2) the Company's strategic acquisitions plan lacked veracity; (3)
8 Ga Du Bank was operated through the SCNRFP Central Bank; (4) the Chief of the SCNRFP had
9 given approval for the acquisition; (5) Eco Science was in the process of performing due diligence
10 for the potential acquisition of Ga Du Bank and had begun this process in early 2017; (6) Ga Du
11 Bank's charter (which was provided through the SCNRFP) and ability to engage in some desired
12 commercial operations was not sufficiently developed, and thus not viable; (7) the SCNRFP had
13 made false representations to Ga Du Bank regarding its correspondent and merchant relationships;
14 (8) Ga Du Bank, despite indicating otherwise to Eco Science, would not soon have a solution for
15 banking with the SCNRFP; (9) thus, the Company made inadequate and inaccurate public
16 statements concerning its potential acquisition of Ga Du Bank; and (10) the Company failed to
17 maintain adequate internal controls. As a result of the foregoing, the Company's public statements
18 regarding its business, operations, and prospects were materially false and misleading at the time
19 they were made. Defendants J. Taylor and D. Taylor also failed to correct and/or caused the
20 Company to fail to correct these false and/or misleading statements and/or omissions of material
21 fact, rendering them personally liable to the Company for breaching their fiduciary duties.

22 19. Defendants J. Taylor's and D. Taylor's breaches of fiduciary duty and other
23 misconduct have subjected the Company, the Company's Chief Executive Officer ("CEO"), and the
24 Company's Chief Financial Officer ("CFO") to three federal securities fraud class action lawsuits
25
26
27
28

1 pending in the United States District Court for the District of New Jersey (the “Securities Class
2 Actions”), the need to undertake internal investigations, losses from the waste of corporate assets,
3 and losses due to the unjust enrichment of Individual Defendants who were improperly over-
4 compensated by the Company, and will likely cost the Company going forward millions of dollars.

5
6 20. The Company has been substantially damaged as a result of Defendants J. Taylor’s
7 and D. Taylor’s knowing or highly reckless breaches of fiduciary duty and other misconduct.

8 21. In light of the breaches of fiduciary duty and/or aiding and abetting thereof engaged
9 in by the Individual Defendants, all of whom are the Company’s current directors and are its
10 controlling shareholders, of the collective engagement in fraud and misconduct by the Company’s
11 directors, of the substantial likelihood of the directors’ liability in this derivative action and of
12 certain of them in the Securities Class Actions, and of their not being disinterested and/or
13 independent directors, a majority of the Company’s Board of Directors (the “Board”) cannot
14 consider a demand to commence litigation against themselves on behalf of the Company with the
15 requisite level of disinterestedness and independence.
16

17 **JURISDICTION AND VENUE**

18 22. Diversity jurisdiction is conferred by 28 U.S.C. § 1332. Plaintiff and Defendants are
19 citizens of different states and the amount in controversy exceeds the sum or value of \$75,000,
20 exclusive of interest and costs.
21

22 23. The Court has personal jurisdiction over each of the Defendants because each
23 Defendant is either a corporation conducting business and maintaining operations in this District, or
24 he or she is an individual who is a citizen of Nevada or who has minimum contacts with this District
25 to justify the exercise of jurisdiction over them.

26 24. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391 and 1401 because a
27 substantial portion of the transactions and wrongs complained of herein occurred in this District, one
28

1 or more of the Defendants either resides or maintains executive offices in this District, and the
2 Defendants have received substantial compensation in this District by engaging in numerous
3 activities that had an effect in this District.

4 **PARTIES**

5 **Plaintiff**

6
7 25. Plaintiff is a current shareholder of Eco Science. Plaintiff has continuously held Eco
8 Science common stock at all relevant times. Plaintiff is a citizen of New Jersey.

9 **Nominal Defendant Eco Science**

10 26. Eco Science is a Nevada corporation, and its registered agent is National Registered
11 Agents, Inc. of NV, which is located at 701 S. Carson St., Suite 200, Carson City, Nevada 89701.
12 Eco Science's principal executive offices at 1135 Makawao Avenue, Suite 103-188, Makawao,
13 Hawaii 96768. Eco Science's shares trade on the OTCQB Venture Market ("OTC") under the
14 ticker symbol "ESSI."

15 **Defendant J. Taylor**

16
17 27. Defendant Jeffery Taylor ("J. Taylor") has served as the Company's CEO and
18 President since December 2015. He has also served as the Company's Secretary and as a Company
19 director since January 2016. According to the 2016 10-K, as of March 31, 2017, Defendant J.
20 Taylor beneficially owned 13,047,019⁴ shares of the Company's common stock, which represented
21 approximately 28.76% of the Company's outstanding shares. Given that the price per share of the
22 Company's common stock at the close of trading on March 31, 2017 was \$3.39, J. Taylor owned
23 over \$44.2 million worth of Eco Science stock.
24

25
26
27 ⁴ According to the Company's Form 8-K filed with the SEC on October 6, 2017, Defendant J. Taylor
28 agreed to return 8,000,000 personal shares of Eco Science common stock to the Company for
cancellation, effective September 22, 2017.

28. For the fiscal year ended January 31, 2017, Defendant J. Taylor received \$8,305,000 as compensation from the Company, which included \$115,000 as base salary and \$8,190,000 in stock awards.

29. The Company's 2016 10-K stated the following about Defendant J. Taylor:

Mr. Jeffery Taylor⁵

As CEO, Mr. Jeffrey Taylor will oversee the company's strategy, technology roadmap, and consumer community content development programs; Mr. Taylor is a recipient of the Army Commendation Medal from the United States Army during service of operation Uphold Democracy; he served in the United States Army for 10 Years and focused on supply chain management technologies with an emphasis on logistics and distribution of specialty materials. Mr. Taylor was discharged with a Medical Discharge; Mr. Taylor has been a real estate entrepreneur and holds a real estate license in the State of Hawaii from 2005 to present. In 2003, Mr. Taylor received his Microsoft technology certification from the Veterans Association during rehabilitation process from being injured in the military. As part of his passion for open water scuba and snorkeling, he launched Liquid Marlin LLC, and works with the Make A Wish Foundation on Maui as one of its designated snorkel instructors.

30. Defendant J. Taylor is the brother of Defendant D. Taylor.

31. Upon information and belief, Defendant J. Taylor is a citizen of Hawaii.

Defendant D. Taylor

32. Defendant Don L. Taylor ("D. Taylor") has served as the Company's CFO since December 2015. He has also served as the Company's Treasurer and as a Company director since January 2016. According to the Company's 2016 10-K, as of March 31, 2017, Defendant D. Taylor beneficially owned 13,047,019⁶ shares of the Company's common stock, which represented approximately 28.76% of the Company's outstanding shares. Given that the price per share of the

⁵ Throughout this Complaint, emphasis is contained in original, unless otherwise stated.

⁶ According to the Company's Form 8-K filed with the SEC on October 6, 2017, Defendant D. Taylor agreed to return 8,000,000 personal shares of Eco Science common stock to the Company for cancellation, effective September 22, 2017.

1 Company's common stock at the close of trading on March 31, 2017 was \$3.39, D. Taylor owned
2 over \$44.2 million worth of Eco Science stock.

3 33. For the fiscal year ended January 31, 2017, Defendant D. Taylor received
4 \$8,295,000 as compensation from the Company, which included \$105,000 as base salary and
5 \$8,190,000 in stock awards.
6

7 34. The Company's 2016 10-K stated the following about Defendant D. Taylor:

8 Mr. Don Lee Taylor

9 As CFO, Don Taylor will oversee the company's financial governance; business
10 community content development program, and business partnerships. Mr. Taylor
11 holds a real estate license in the State of Hawaii from 2001 to Present; and has been
12 active in the Hawaii real estate and real estate financing community. Mr. Taylor
13 currently holds the title of Broker in Charge of Maui Realty Co., Inc. Mr. Taylor
14 holds a BS in Finance with an emphasis in Financial Management from the California
15 State University in Long Beach.

16 35. Defendant D. Taylor is the brother of Defendant J. Taylor.

17 36. Defendant D. Taylor is a citizen of Hawaii.

18 Defendant Giguere

19 37. Defendant Gannon Giguere ("Giguere") was the Managing Member of Phenix
20 Ventures, LLC ("Phenix") and is the CEO of Separation Degrees – One, Inc. ("Separation
21 Degrees"). Eco Science entered into a technology licensing and marketing support agreement with
22 Separation Degrees and an equity purchase agreement with Phenix.

23 38. Defendant Giguere is a citizen of California.

24 Defendant Lewis

25 39. Defendant L. John Lewis ("Lewis") has served as a Company director since June 21,
26 2017. Per his employment agreement with the Company, Lewis is entitled to an annual salary of
27 \$120,000 per year and options to purchase 2,500,000 shares of Eco Science stock.
28

1 40. The Company's Form 8-K filed with the SEC on June 26, 2017 stated the following
2 about Defendant Lewis:

3 L. John Lewis

4 Mr. Lewis graduated Magna Summa Cum Laude from the University of Utah in
5 1976, with a Bachelor of Science degree in political science, and an international
6 relations certificate. He received a Juris Doctor degree from Stanford Law School
7 in 1979, and was managing director of the Stanford Law Journal. Following law
8 school, Mr. Lewis served as a law clerk on both the United States District Court
for the Southern District of California and on the United States Tenth Circuit
Court of Appeals.

9 As a lawyer, Mr. Lewis has represented American Dairies, China Sky One, the
10 Metropolitan Insurance Group, Skaggs-Alpha Beta, and numerous other
11 companies in connection with private and public offerings, and/or mergers with
public entities now trading on the New York Stock Exchange.

12 Mr. Lewis departed from the practice of law to become involved in assisting
13 private companies with significant growth trajectories. He has been active in
14 assisting such companies with capital formation, structure and the private equity
and business management for approximately the last twenty years as a consultant,
15 legal advisor and/or manger, and has been the General Manager of a household
products manufacturing company, the CEO of a nutraceutical company, and the
16 Managing Director of a Swiss based asset management firm, as well as managing
a large legal and contracting group for a multi-national NGO. His management
17 duties have run the gamut from managing a small business development group of
several individuals to responsibility for hundreds of employees.

18 Mr. Lewis has served as an instructor of "International Legal and Treaty
19 Conventions", "International Commercial Conflicts" for the United States Army,
and was a part time Professor of Business Law at LDS Business College, as well
20 as Visiting Instructor of Business Communications and Entrepreneurship" at the
University of Utah.

21 Mr. Lewis has received the following honorary distinctions: (i) Owl and Key; (ii)
22 Pi Sigma Alpha; and (iii) Who's Who in American Law.

23 41. Defendant Lewis served as President of Ga Du Bank, Inc., and signed the May 2,
24 2017 Letter of Intent between Ga Du Bank, Inc. and Eco Science in such capacity. On June 21,
25 2017, per the Stock Purchase Agreement, Lewis was appointed CEO of Ga Du Corporation.

26 42. Upon information and belief, Defendant Lewis is a citizen of Utah.

27 Defendant Oveson

43. Defendant S. Randall Oveson (“Oveson”) has served as a Company director since June 21, 2017. Per his employment agreement with the Company, Oveson is entitled to an annual salary of \$120,000 per year and options to purchase 1,500,000 shares of Eco Science Stock.

44. The Company’s Form 8-K filed with the SEC on June 26, 2017 stated the following about Defendant Oveson:

S Randall Oveson

BS MBA • Management, Finance, and Accounting

Mr. Oveson started his career as a Financial Analyst with Suite Thinking, Inc., a boutique hospitality consulting firm in Newport Beach, CA. There Mr. Oveson developed systems and processes used to analyze dozens of hotels part of a \$500 million+ portfolio in various financial and operational categories still in use in the hospitality industry today.

Upon completion of his MBA at Pepperdine University Mr. Oveson has taken CEO, COO, CFO, and CIO roles in hospitality, the aerospace, manufacturing, brokerage, action sports, telecommunications, and the banking and healthcare technology industries. His range of experience includes all aspects of management for start-up and mid-tier companies both public and private entities. He has led dozens of full financial audits and reviews and has also led numerous PCI audits and MasterCard RAMP reviews. He has been instrumental in projects as diverse as the first and largest prepaid CLEC in the State of California to building out and growing the first financial data center on the island of Antigua.

Mr. Oveson is currently involved in financial processing projects in Europe, Canada, and the US as well as assisting with the development of Ga Du Corporation’s enterprise solutions and operations.

45. On June 21, 2017, per the Stock Purchase Agreement, Oveson was appointed Chief Operating Officer of Ga Du Corporation.

46. Defendant Oveson is a citizen of Utah.

FIDUCIARY DUTIES OF THE INDIVIDUAL DEFENDANTS

47. By reason of their positions as officers, directors and/or fiduciaries of Eco Science and because of their ability to control the business and corporate affairs of Eco Science, the Individual Defendants owed Eco Science and its shareholders fiduciary obligations of trust, loyalty,

1 good faith, and due care, and were and are required to use their utmost ability to control and
2 manage Eco Science in a fair, just, honest, and equitable manner. The Individual Defendants were
3 and are required to act in furtherance of the best interests of Eco Science and its shareholders so as
4 to benefit all shareholders equally.

5
6 48. Each director and officer of the Company owes to Eco Science and its shareholders
7 the fiduciary duty to exercise good faith and diligence in the administration of the Company and in
8 the use and preservation of its property and assets and the highest obligations of fair dealing.

9 49. The Individual Defendants, because of their positions of control and authority as
10 directors and/or officers of Eco Science, were able to and did, directly and/or indirectly, exercise
11 control over the wrongful acts complained of herein.

12 50. To discharge their duties, the officers and directors of Eco Science were required to
13 exercise reasonable and prudent supervision over the management, policies, controls, and
14 operations of the Company.

15
16 51. Each Individual Defendant, by virtue of his or her position as a director and/or
17 officer, owed to the Company and to its shareholders the highest fiduciary duties of loyalty, good
18 faith, and the exercise of due care and diligence in the management and administration of the affairs
19 of the Company, as well as in the use and preservation of its property and assets. The conduct of
20 the Individual Defendants complained of herein involves a knowing and culpable violation of their
21 obligations as directors and officers of Eco Science, the absence of good faith on their part, or a
22 reckless disregard for their duties to the Company and its shareholders that the Individual
23 Defendants were aware or should have been aware posed a risk of serious injury to the Company.
24 The conduct of the Individual Defendants who were also officers and directors of the Company has
25 been ratified by the Individual Defendants who collectively comprised Eco Science's board of
26 directors at all relevant times.
27
28

1 52. As senior executive officers and directors of a publicly-traded company whose
2 common stock was registered with the SEC pursuant to the Securities Exchange Act of 1934
3 (“Exchange Act”) and traded on the OTC, the Individual Defendants had a duty to prevent and not
4 to effect the dissemination of inaccurate and untruthful information with respect to, *inter alia*, the
5 Company’s financial condition, performance, growth, operations, financial statements, business,
6 products, management, earnings, internal controls, and present and future business prospects, and
7 had a duty to cause the Company to disclose in its regulatory filings with the SEC all those events
8 described in this Complaint that it failed to disclose, so that the market price of the Company’s
9 common stock would be based upon truthful and accurate information.
10

11 53. To discharge their duties, the officers and directors of Eco Science were required to
12 exercise reasonable and prudent supervision over the management, policies, practices, and internal
13 controls of the Company. By virtue of such duties, the officers and directors of Eco Science were
14 required to, among other things:
15

16 (a) ensure that the Company was operated in a diligent, honest, and prudent manner in
17 accordance with the laws and regulations of Nevada, the United States, and pursuant to Eco
18 Science’s own Code of Ethics;⁷

19 (b) conduct the affairs of the Company in an efficient, business-like manner so as to
20 make it possible to provide the highest quality performance of its business, to avoid wasting
21 the Company’s assets, and to maximize the value of the Company’s stock;

22 (c) remain informed as to how Eco Science conducted its operations, and, upon receipt
23 of notice or information of imprudent or unsound conditions or practices, to make
24
25

26
27
28 ⁷ The Company’s 2016 10-K notes that the Company has adopted a Code of Ethics, but it is not publicly available.

1 reasonable inquiry in connection therewith, and to take steps to correct such conditions or
2 practices;

3 (d) establish and maintain systematic and accurate records and reports of the business
4 and internal affairs of Eco Science and procedures for the reporting of the business and
5 internal affairs to the Board and to periodically investigate, or cause independent
6 investigation to be made of, said reports and records;

7
8 (e) maintain and implement an adequate and functioning system of internal legal,
9 financial, and management controls, such that Eco Science's operations would comply with
10 all laws and Eco Science's financial statements and regulatory filings filed with the SEC and
11 disseminated to the public and the Company's shareholders would be accurate;

12 (f) exercise reasonable control and supervision over the public statements made by the
13 Company's officers and employees and any other reports or information that the Company
14 was required by law to disseminate;

15
16 (g) refrain from unduly benefiting themselves and other Company insiders at the
17 expense of the Company; and

18 (h) examine and evaluate any reports of examinations, audits, or other financial
19 information concerning the financial affairs of the Company and to make full and accurate
20 disclosure of all material facts concerning, *inter alia*, each of the subjects and duties set
21 forth above.

22
23 54. Each of the Individual Defendants further owed to Eco Science and the shareholders
24 the duty of loyalty requiring that each favor Eco Science's interest and that of its shareholders over
25 their own while conducting the affairs of the Company and refrain from using their position,
26 influence or knowledge of the affairs of the Company to gain personal advantage.
27
28

1 55. At all times relevant hereto, the Individual Defendants were the agents of each other
2 and of Eco Science and were at all times acting within the course and scope of such agency.

3 56. Because of their advisory, executive, managerial, and directorial positions with Eco
4 Science, each of the Individual Defendants had access to adverse, non-public information about the
5 Company.
6

7 57. The Individual Defendants, because of their positions of control and authority, were
8 able to and did, directly or indirectly, exercise control over the wrongful acts complained of herein,
9 as well as the contents of the various public statements issued by Eco Science.

10 **CONSPIRACY, AIDING AND ABETTING, AND CONCERTED ACTION**

11 58. In committing the wrongful acts alleged herein, the Individual Defendants and
12 Defendant Giguiere have pursued, or joined in the pursuit of, a common course of conduct, and
13 have acted in concert with and conspired with one another in furtherance of their wrongdoing. The
14 Individual Defendants and Defendant Giguiere caused the Company to conceal the true facts as
15 alleged herein. The Individual Defendants and Defendant Giguiere further aided and abetted and/or
16 assisted each other in breaching their respective duties.
17

18 59. The purpose and effect of the conspiracy, common enterprise, and/or common
19 course of conduct was, among other things, to: (i) facilitate and disguise the Individual Defendants'
20 violations of law, including breaches of fiduciary duty, unjust enrichment, abuse of control, gross
21 mismanagement, waste of corporate assets, and aiding and abetting thereof; (ii) conceal adverse
22 information concerning the Company's operations, financial condition, competitors, future business
23 prospects and internal controls; (iii) engage in the Fraudulent Scheme; and (iv) artificially inflate
24 the Company's stock price.
25

26 60. The Individual Defendants and Defendant Giguiere accomplished their conspiracy,
27 common enterprise, and/or common course of conduct by causing the Company to purposefully,
28

recklessly, or negligently conceal material facts, fail to correct such misrepresentations, and violate applicable laws. The Individual Defendants and Defendant Giguere collectively and individually initiated a course of conduct that was designed to and did conceal the facts that the Company engaged in the Fraudulent Scheme, the Company's strategic acquisitions plan lacked veracity, the Company made inadequate and inaccurate public statements concerning, *inter alia*, its potential acquisition of Ga Du Bank, and the Company failed to maintain adequate internal controls. Because the conduct described herein occurred under the authority and approval of the Board, each of the Individual Defendants who is a director of Eco Science was a direct, necessary, and substantial participant in the conspiracy, common enterprise, and/or common course of conduct complained of herein.

61. Each of the Individual Defendants and Defendant Giguere aided and abetted and rendered substantial assistance in the wrongs complained of herein. In taking such actions to substantially assist the commission of the wrongdoing complained of herein, each of the Individual Defendants and Defendant Giguere acted with actual or constructive knowledge of the primary wrongdoing, either took direct part in or substantially assisted the accomplishment of that wrongdoing, and was or should have been aware of his or her overall contribution to and furtherance of the wrongdoing.

62. At all times relevant hereto, each of the Individual Defendants was the agent of each of the other Individual Defendants and of Eco Science, and was at all times acting within the course and scope of such agency.

INDIVIDUAL DEFENDANTS' AND DEFENDANT GIGUIERE'S MISCONDUCT

The Federal Securities Laws on Stock Promotion

63. The Individual Defendants' failure to disclose Eco Science's paid relationships with stock promoters ran afoul of Section 17(b) of the Securities Act of 1933.

64. Section 17(b) – commonly known as the “anti-touting” provision – provides, in pertinent part, that anyone who advertises a stock, even if he does not purport to offer the security for sale, must disclose the “consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, the receipt, whether past or prospective, of such consideration and the amount thereof.” 15 U.S.C. §77q(b).

65. This anti-touting provision was enacted, in part, to “meet the evils of the ‘tipster sheet’ as well as articles in newspapers or periodicals that purport to give an unbiased opinion but which opinions in reality are bought and paid for.”⁸

66. In an investor bulletin published by the SEC titled “Microcap Stock: A Guide for Investors,” the SEC provides information about investment in microcap stocks and specifically warns of potential fraud, explaining as follows:

Paid Promoters: Some microcap companies pay stock promoters to recommend or “tout” the microcap stock in supposedly independent and unbiased investment newsletters, research reports, or radio and television shows The federal securities laws require the publications to disclose who paid them for the promotion, the amount, and the type of payment. ***But many fraudsters fail to do so and mislead investors into believing they are receiving independent advice.***

This SEC investor bulletin may be found at <http://www.sec.gov/investor/pubs/microcapstock.htm>.

(Emphasis added.)

67. Moreover, an issuer of securities is also required to disclose the details of its relationship with a stock promoter in its regulatory filings. Here, Defendants’ failure to disclose the stock promoters’ receipt of compensation directly or indirectly from the Company for making material statements concerning Eco Science is a material omission and thus a violation of the Exchange Act.

⁸ *SEC v. Wall St. Pub. Inst., Inc.*, 851 F.2d 365, 376 (D.C. Cir. 1988) (quoting House Committee Report, H.R. Rep. No. 85, 73d Cong., 1st Sess. 6 (1933)).

1 **The Fraudulent Scheme**

2 68. Defendants J. Taylor and D. Taylor caused the Company to engage in the Fraudulent
3 Scheme, and Defendant Giguiere aided and abetted and rendered substantial assistance in the
4 Fraudulent Scheme.

5 69. The Company, per its website, “develops technical solutions that empower
6 enthusiasts in their pursuit and enjoyment of building eco-friendly businesses and living healthy
7 lifestyles” through products including consumer apps for daily use and enterprise software
8 solutions.
9

10 70. On January 12, 2016, the Company filed a Form 8-K with the SEC announcing that
11 on January 1, 2016, the Company entered into a “technology licensing and marketing support
12 agreement” with Separation Degrees⁹ “that will result in the development, licensing and
13 management of on-going technology solutions and marketing campaigns for ESSi’s initiatives.” .
14

15 71. As consideration for the transaction, the Company issued Separation Degrees 1,000
16 Series A Preferred Shares. On the same date, the Company entered into an Asset Purchase
17 Agreement with Separation Degrees whereby Eco Science acquired a proprietary messaging and
18 customer relationship management software platform, issuing 500,000 shares of Eco Science
19 common stock as consideration. For the fiscal year ended January 31, 2017, the Company was
20 invoiced by Separation Degrees for an amount exceeding \$2 million, \$1.7 million of which was for
21 “advertising and promotion services” of Eco Science’s brands, including Fitrix and Herbo. Based
22
23
24

25 ⁹ Defendant Giguiere created Separation Degrees and appointed himself as CEO, and used
26 Separation Degrees to award himself millions of shares in exchange for selling to Separation degrees
27 a vague “software platform” consisting of “millions of lines of code” that never amounted to
28 anything significant or noteworthy. The IPO for Separation Degrees that would register Defendant
Giguiere’s shares never occurred, despite the registration statement for it being declared effective
after considerable back-and-forth with the SEC.

1 on the evidence provided herein, the “service” provided by Separation Degrees was actually
2 promotion of the Company’s *stock*.

3 72. The Company’s subsequent SEC filings revealed several additional instances of
4 shares being issued to Separation Degrees in addition to the initial 500,000 shares. This included an
5 additional 1.2 million shares as part of the Asset Purchase Agreement (as noted in the Company’s
6 Form 10-K filed with the SEC on May 17, 2016), 1.3 million shares as part of its consulting
7 agreement with Separation Degrees (as noted in the Company’s Form 10-Q filed with the SEC on
8 June 20, 2016), and 7.5 million shares allocated for advertising services (as noted in the Company’s
9 Form 10-Q filed with the SEC on September 19, 2016).
10

11 73. The Company’s and Separation Degrees’ collaboration resulted in two apps, titled
12 “Fitrix” and “Herbo,” respectively, being brought to market in 2016. The Company’s Form 10-K
13 filed with the SEC on May 17, 2016 described Fitrix as “a powerful and flexible companion which
14 helps users keep track of your day to day fitness routines, dietary habits and alternative medicine
15 intake,” and Herbo as an app “with a database of over 14,000 alternative medicine locations and
16 delivery services, doctors who provide evaluations, and local shops that sell relevant product.”
17

18 74. Through a financial media company called The Money Street, Eco Science has
19 caused to be published a series of articles that have outlandishly promoted the Company’s stock,
20 even noting that Eco Science has the potential to become the next Uber or Amazon of the cannabis
21 industry. As noted in a disclaimer in The Money Street’s articles, The Money Street is
22 compensated between \$25,000 and \$150,000 to publish such articles that pump-up the stock of the
23 subject companies. Notably, The Money Street also promoted the stock of a company that
24 Defendant Giguiere was the CEO of, called Eventure Interactive, Inc (“Eventure Interactive”).
25 Eventure Interactive, as discussed further herein, was a company set up in an identical way to
26 Separation Degrees, whereby Defendant Giguiere awarded himself millions of shares of the
27
28

1 company's stock for the sale of a mysterious "software platform" that consisted of "millions of lines
2 of code" that ultimately amounted to nothing of significance.

3 75. From August 2016 to December 2016, the price per share of Eco Science stock rose
4 **1,947%** (emphasis added). Such a meteoric rise is inexplicable given the fact that by December
5 2016, the Company's business consisted of two YouTube channels with a combined six subscribers,
6 and its Fitrix and Herbo apps only had 100 to 500 downloads each. In fact, the only logical
7 explanation for the increase in the Company's stock price is the Stock Promotion Scheme
8 effectuated by the Individual Defendants and Defendant Giguere.
9

10 76. On January 18, 2017, the Company filed a Form 8-K with the SEC that noted that on
11 January 10, 2017, the Company had entered into a Cancellation and Release Agreement with
12 Separation Degrees concerning the technology licensing and marketing agreement, which as a result
13 of the Company owed Separation Degrees \$1,920,424 in unpaid fees. Pursuant to the Cancellation
14 and Release Agreement, the Company cancelled the unpaid fees in exchange for 4,000,000 shares
15 of Company common stock. Since the price per share of Company stock at closing on January 10,
16 2017 was \$2.76, the \$1,920,424 in unpaid fees turned into \$11,040,000 worth of Eco Science stock
17 for Separation Degrees.
18

19 77. On January 26, 2017, the Company filed a Form 8-K with the SEC that noted that on
20 January 15, 2017, the Company had entered into an Equity Purchase Agreement with Phenix, a
21 company also owned by Defendant Giguere, whereby Phenix agreed to purchase up to 10,000,000
22 shares of Company common stock upon "put notices" of the Company to Phenix and that the
23 Company would file a Form S-1 Registration Statement with the SEC to register the 10,000,000
24 shares.
25

26 78. The purchase price for the 10,000,000 shares would be "equal to 83% of the lowest
27 volume weighted price for the ten consecutive trading days immediately following the date on
28

1 which the applicable Put notice is delivered to Investor.” Notably, this financing deal was an
2 almost identical replica of a toxic financing deal entered into by Eventure Interactive, which led
3 Eventure Interactive’s stock to plummet to zero.

4 79. Thus, Defendant Giguere, with already 4,000,000 shares as a result of the
5 cancellation of the agreement with Separation Degrees, was, pending the filing of a registration
6 statement, to receive an additional 10,000,000 shares of company stock at a discounted price, and
7 would be able to sell them for a profit regardless of the fact that the stock was also concurrently
8 being artificially inflated due to the Stock Promotion Scheme. Sales of such large amounts of stock
9 would also make the share price of Eco Science fall, to the detriment of the Company’s
10 shareholders.

11 80. On January 27, 2017, the Company filed a Registration Statement on Form S-1 with
12 the SEC, which was not declared effective by the SEC until May 12, 2017. During the unusually
13 long period before the Registration Statement was declared effective, the Company’s stock price
14 began to fall. To prevent a further slide, the Company made the false and misleading statements as
15 described further herein, including with regard to their plan to acquire Ga Du, which “the internet
16 has never heard of,” and which was operated through the SCNRFP, which is “not on the list of 566
17 Native American tribes legally recognized by the U.S.”

18 81. By May 2017, due in part to the Stock Promotion Scheme and the Company’s small
19 number of shares available for trading, the price per share of Eco Science common stock was up
20 from around \$0.25 to \$2.40 over the preceding 12 months.

21 82. Ultimately, Defendants D. Taylor and J. Taylor caused the Company to enter into
22 sham-agreements with entities owned by Defendant Giguere that would enable Defendant Giguere
23 to obtain millions of shares of Company stock, most at discounted prices, in exchange for
24 essentially worthless software and code. Such “transactions” merely masked the Stock Promotion
25
26
27
28

1 Scheme that promoted the Company's stock through unwarranted and unsubstantiated claims about
2 the prospects of the Company's products. Thus, through the increase in the Company's stock price
3 due to the Stock Promotion Scheme, Defendant Giguere would be able to capitalize on the inflated
4 value of his large Eco Science stock holding once a registration statement for those shares was
5 declared effective by the SEC.
6

7 83. While waiting on the registration statement to be approved by the SEC, Defendants
8 D. Taylor and J. Taylor caused the Company to enter into another sham transaction with Ga Du
9 Bank in order to combat a slide in the Company's share price, which, as described further herein,
10 resulted in a suspension of trading in the Company's stock by the SEC. Even after the suspension,
11 Eco Science has continued to promote the prospects of the Ga Du Corporation acquisition to inflate
12 the Company's stock price as high as possible.
13

14 **False and Misleading Statements**

15 ***December 2, 2016 Form 10-Q***

16 84. On December 2, 2016, the Company filed a Form 10-Q with the SEC for the fiscal
17 quarter ended October 31, 2016 (the "October 2016 10-Q"), which was signed by Defendant J.
18 Taylor. The statements made in the October 2016 10-Q were materially false and misleading
19 because they failed to disclose that: (1) the Company was furthering the Stock Promotion Scheme;
20 and (2) Eco Science engaged in multiple transactions with entities owned by Defendant Gannon
21 Giguere to personally benefit him and support the Stock Promotion Scheme at the expense of the
22 Company and the investing public. Instead, the October 2016 10-Q commented on the invoices the
23 Company received from Separation Degrees for advertising services, stating, in relevant part:
24

25 During the nine months ended October 31, 2016 the Company received invoices
26 for advertising services from SDOI totaling \$1,271,274 and further received
27 invoices for monthly project and planned technical development/maintenance,
28 production and staging server administration, ongoing marketing services and
monthly advertising management services totaling a cumulative \$322,000. The
Company determined the value of the shares issuable to settle the total amounts

1 invoiced (\$1,593,274) at a 30% discount to fair market value on the settlement
 2 date and recorded a loss of \$684,748 in relation to the shares issuable. During the
 3 nine months ended October 31, 2016 a total of 4,807,953 shares of common stock
 4 valued between \$0.01 to 0.474 per share in relation to the aforementioned
 5 agreements with SDOI were issued. A total of \$2,044,448 was recorded on the
 6 Company's balance sheets as liability for issuance of common shares (2016 -
 7 \$108,510). The allocated shares had not yet been issued as at October 31, 2016.

8 85. The October 2016 10-Q also discussed its financing of licensing support and
 9 maintenance fees, stating, in relevant part:

10 Plan of Operation

11 We have recently changed the focus of our business to operate in the eco-friendly
 12 technology sector using social media sites and offering apps to generate
 13 advertising revenues and download fees. The Company's need for ongoing
 14 capital by way of loans, sale of equity and/or convertible notes is expected to
 15 continue during the current fiscal year until we can establish revenues from
 16 operations. We are presently financing ongoing licensing support and
 17 maintenance fees associated with our newly commenced business focus by the
 18 issuance of shares of common stock for services at a discount to our market price.

19 86. Attached to the October 2016 10-Q were certifications pursuant to Rule
 20 13a-14(a) and 15d-14(a) under the Exchange Act and the Sarbanes-Oxley Act of
 21 2002 ("SOX") signed by Defendants J. Taylor and D. Taylor attesting to the accuracy
 22 of the October 2016 10-Q.

23 ***December 15, 2016 Seeking Alpha Article***

24 87. On December 15, 2016, *Seeking Alpha* published an article titled "Eco Science
 25 Solutions: Dangerously Promoted With Nearly 100% Downside," detailing the Company's
 26 involvement in the Stock Promotion Scheme. In summary, the article noted:

27 **Summary**

- 28 • Eco Science Solutions has been the target of promotional articles.
- ESSI has a portfolio of assets that has little to no value.
- The Company generates no sales and has a significant debt load.

Eco Science Solutions (OTC:ESSI) is a pump-and-dump scheme with a 100 percent downside. It is simply dumbfounding how ESSI has been able to garner an enterprise value of around \$77 million with a portfolio of assets that has seemingly little to no value.

88. The article described the Stock Promotion Scheme in detail, stating:

A financial media company called The Money Street (TMS) published a series of articles on Eco Science (here, here, and here), going so far as saying that ESSI has the potential to become the next Amazon (NASDAQ:AMZN) or Uber (Private:UBER) of the cannabis industry. What was hidden from the view of investors, however, was TMS's disclaimer at the bottom of the page

As the disclaimer clearly shows, TMS gets compensated between \$25,000 and \$150,000 to pump up stocks like ESSI... and looking at the stock chart below, ESSI has been pumped to the hilt:



89. The article also described the Company's lackluster operations, stating, in relevant part:

So... What Does ESSI Do?

ESSI is tackling both the health and wellness industry and the cannabis market. By tackle, I mean the following: Developing two YouTube channels, which so far have a COMBINED subscriber base of six people; and managing two mobile apps, both of which have between 100 to 500 downloads on the Android market, and one of which has a five-star review written by some guy who just so happens to share the same name as ESSI's chief financial officer.

The growth story largely comes from ESSI's "Herbo" and "Fitrix" apps. Herbo uses the smartphone's GPS tracker to "help you find MMJ dispensaries, smoke

shops, legal doctors, clinics, and delivery services in your area...". According to ESSI, the app has over 14,000 locations that make up the marijuana smoke chain.

The other app, Fitrix, "helps you keep track of your day-to-day fitness habits and routines." This app has features such as a BMI calculator, fitness radio, weight loss calculator, a daily log, and other generic features. According to an angry reviewer on the app store:

"This app has almost useless levels of functionality - for the parts that work. It seems more of a developer's first learning app than anything meant to be used... only plus is it's free so it can't hurt your wallet."

* * *

It is also helpful to note just how easy it is to make mobile apps these days. For instance, a couple years ago, I decided to develop my own app. I knew nothing of app making, but for just a few hundred dollars, I was able to hire a programming and design team from India to develop an app from scratch. In just two weeks, the app was completed and was ultimately downloaded just a few hundred times, generating close to nothing in revenue. Perhaps, considering how richly valued ESSI is, my app should have also been worth a few million dollars as well!

90. In conclusion, the article noted a target price for Eco Science stock of \$0.0, stating, in relevant part:

Valuation and Conclusion

The financial health of ESSI is the nail in the coffin. For starts, ESSI has not been able to generate ANY sales, and as a result, the company has burned through \$12.5 million in shareholder capital since inception!

With only \$70K in cash and almost \$900K in payables on the balance sheet, the company will continue to cling to the capital markets for survival. An annual cash burn rate of +\$200K also does not help.

Since it looks like the company will have no hope in successfully generating cash flow to support its significant debt load, my target price for ESSI is \$0, or 100 percent down from the stock's current levels.

91. On this news, the price per share of Eco Science fell \$0.13, or almost 5%, closing at \$2.55 on December 16, 2016. By the close of market on December 20, 2016, just three trading days after the December 15, 2016 *Seeking Alpha* article was published, the price per share of Eco Science stock had fallen even further to \$1.43.

1 **May 1, 2017 Form 10-K**

2 92. On May 1, 2017, the Company filed the 2016 10-K, which was signed by
 3 Defendants J. Taylor and D. Taylor, and which presented a strategic acquisitions plan for Eco
 4 Science. The statements made in the 2016 10-K were materially false and misleading because they
 5 failed to disclose that: (1) the Company was furthering the Stock Promotion Scheme; (2) Eco
 6 Science engaged in multiple transactions with entities owned by Defendant Gannon Giguere to
 7 personally benefit him and support the Stock Promotion Scheme at the expense of the Company and
 8 the investing public; and (3) that the Company's plan for strategic acquisitions lacked veracity.
 9 Instead, the 2016 10-K touted the Company's prospects in relation to potential strategic acquisitions
 10 and stated, in relevant part:
 11

12 The following is to provide a road-map for how the Company intends to prepare for
 13 and generate revenues, along with the costs associated to do so. Eco Science
 14 Solutions' core Initiatives are centered on five main areas: 1) continued consumer and
 15 enterprise technology investment, 2) continued product development through
 16 Scientific Research and Development; 3) inventory build for distribution, and 4)
 17 ***strategic acquisitions that provide an accelerated time-frame to secure market***
 18 ***share***; 5) development of Sales, Customer and Finance personnel depth to support
 19 accelerated revenue growth.

20 * * *

21 ***Strategic acquisitions – Due to various hyper-growth trends in segments of the***
 22 ***holistic health and wellness category, Eco Science Solutions believes that it will be***
 23 ***presented with unique investment and acquisition opportunities that are both***
 24 ***synergistic and accretive to the Company. The Management Team has already***
 25 ***identified several candidates. The Company has not budgeted an exact dollar***
 26 ***amount for investment purposes in Strategic acquisitions over the next 12-month***
 27 ***period.***

28 (Emphasis added).

93. Attached to the 2016 10-K were SOX certifications signed by Defendants J. Taylor
 and D. Taylor attesting to the accuracy of the 2016 10-K.

May 5, 2017 Press Release

94. On May 5, 2017, the Company issued a press release titled, “Eco Science Solutions, Inc. Signs Letter of Intent to Acquire Specialty Banking Operation,” announcing the proposed acquisition of Ga Du Bank. In the press release, the Company failed to disclose that: (1) they engaged in and/or caused the Company to engage in the Fraudulent Scheme; (2) the Company’s strategic acquisitions plan lacked veracity; (3) Ga Du Bank was operated through the SCNRFP Central Bank; (4) the Chief of the SCNRFP had given approval for the acquisition; (5) Eco Science was in the process of performing due diligence for the potential acquisition of Ga Du Bank and had begun this process in early 2017; (6) Ga Du Bank’s charter (which was provided through the SCNRFP) and ability to engage in some desired commercial operations was not sufficiently developed, and thus not viable; (7) the SCNRFP had made false representations to Ga Du Bank regarding its correspondent and merchant relationships; (8) Ga Du Bank, despite indicating otherwise to Eco Science, would not soon have a solution for banking with the SCNRFP; (9) thus, the Company made inadequate and inaccurate public statements concerning its potential acquisition of Ga Du Bank; and (10) the Company failed to maintain adequate internal controls. Instead, the press release provided vague information regarding a potential acquisition of Ga Du Bank and misleadingly presented that the potential acquisition would allow the Company to “own and operate a financial banking division providing payment processing, cash management and financial services to its customers in the cannabis industry.” It stated, in relevant part:

MAUI, HI--(Marketwired - May 5, 2017) - Eco Science Solutions, Inc. (OTCQB : ESSI), an eco-technology Company providing solutions to the multi-billion-dollar health, wellness and alternative medicine industry, today announced that it has signed a Letter of Intent with Ga-Du Bank, Inc. for the purpose of acquiring full ownership of the Bank in a stock and cash transaction.

Upon the closing of the transaction, ESSI will operate the Bank as a wholly-owned subsidiary of Eco Science Solutions, Inc. ESSI will own and operate a financial banking division providing payment processing, cash management and financial services to its customers in the cannabis industry.

1 Additionally, the Bank's principals have engaged with prospects in the marketplace
 2 whom have made expressions of interest, along with preliminary commitments to
 3 deposit sums between Three-Hundred and Six-Hundred Million Dollars
 4 (\$300,000,000 and \$600,000,000). These amounts are currently being projected to be
 deposited within the first sixty to one-hundred-eighty days following the acquisition
 of the Bank by ESSI.

5 "All parties involved are enthusiastic about the Bank's potential to financially serve
 6 the cannabis marketplace. Current business owners working in medical marijuana are
 7 doing a tremendous job, but are truly in need of formal banking services so they can
 8 soundly manage their business finances," stated John Lewis, who is both the current
 9 president of the Bank and a Governor of the Central Bank of SCNRFP. Mr. Lewis
 continued with, "By combining Ga-Du Bank with Eco Science Solutions, we see how
 our synergies will create an important financial institution to serve a category that is
 in need of a fully integrated vertical product suite."

10 "Our entire team is thrilled by the prospect of the acquisition of the Ga-Du Bank by
 11 ESSI," said Andy Tucker, Senior Advisor to of Ga-Du Bank. Mr. Tucker continued,
 12 "We believe that in joining forces with the ESSI team, we can deliver a
 13 comprehensive suite of financial products that addresses the current needs of
 currently what is a cash-driven industry, allowing ESSI to become a break-out leader
 for the sector."

14 95. In the press release, Defendant J. Taylor touted how the acquisition would be a
 15 "game-changer" and put Eco Science "years ahead" of its goal," despite the fact that Ga-Du Bank
 16 was not capable of performing the various financial banking services noted in the press release. He
 17 stated:
 18

19 It has been our vision from day one that, in order to fully service the cannabis
 20 industry and execute on our business plan, we needed to be creative in securing and
 21 offering a banking platform that further differentiates us from everyone in our
 22 category [. . .] The deal with Ga-Du Bank is a game-changer for not only ESSI, but
 everyone in the cannabis industry. This new division of our Company will put us
 years ahead of our goal to create a full-service marketplace among growers, suppliers,
 distributors, retailers and consumers.

23 ***May 12, 2017 Registration Statement***

24 96. On May 12, 2017, the SEC declared effective the Company's Form S-1 Registration
 25 Statement for the issuance of stock to Phenix and Separation Degrees—over four months after the
 26 Registration Statement was initially filed.
 27

28 ***May 17, 2017 Seeking Alpha Article***

1 97. On May 17, 2017, *Seeking Alpha* published another article concerning Eco Science,
 2 titled “Eco Science Solutions: It’s All Just A Little Bit Of History Repeating,” outlining the
 3 Company’s engagement in the Fraudulent Scheme and noting the relevance of the fate of Eventure
 4 Interactive, of which Defendant Giguere was formerly the CEO, whose stock price dropped from
 5 \$3.50 to \$0.0 in 2014 after a series of toxic financing deals identical to the financing Eco Science
 6 obtained from Phenix.

8 98. In summary, the article stated, in relevant part:

9 **Summary**

- 10 • Thanks to a small float and an ongoing stock promotion, Eco Science
 11 Solutions has been up over 700% over the last twelve months.
- 12 • Today, however, the size of its float has exploded overnight as a
 13 registration statement for 14 million newly issued shares has been declared
 14 effective.
- 15 • The person indirectly holding those shares has previously been CEO of
 16 Eventure, a publicly traded company with an uncanny number of
 17 similarities to Eco Science Solutions.
- 18 • Eventure’s stock price dropped from 3.50 into the triple zeroes in 2014
 19 after a series of toxic financing deals. Eco Science Solutions has now
 20 obtained identical toxic financing.
- 21 • I believe history will repeat itself and Eco Science Solution’s stock will
 22 shortly follow Eventure’s down the drain.

23 99. The article provided relevant background into Eventure Interactive, which Giguere
 24 had used to operate a pump-and-dump scheme, stating, in relevant part:

25 **2012-2015: Eventure Interactive**

26 This article starts in 2012, years before Eco Science Solutions ever even came to
 27 light. That year an entrepreneur named Gannon Giguere, and a fellow investor,
 28 sold a “software platform” to OTC-listed Live Event Media (OTCPK:EVTI), later
 renamed to Eventure Interactive. Giguere, who received millions of shares in this
 transaction, also became Eventure’s new CEO.

1 This mysterious software platform, with hardly any other description other than
2 the fact it supposedly had “millions lines of code,” was supposed to be Eventure's
backbone in becoming “a social application development company.”

3 However, despite a lot of talk about “vision” and “inspiration” and plenty of
4 (stock) promotions, nothing ever materialized. Millions of investing dollars were
5 wasted.

6 While Eventure Interactive did at one point manage to put out two barely
7 functioning free apps, which never gained any traction whatsoever, it never
8 generated any revenue. Most of all, it was a toxic printing press of stock. Before
Giguere became CEO in 2012, Eventure had 10.4 *million* shares outstanding.
Late 2015, this number had increased to 1.4 *billion* shares.

9 After peaking at \$3.60 late 2013, the Eventure share price plummeted straight to
10 zero in the following months and years.

11 * * *

12 This fall in share price was without a doubt caused by the many toxic financing
13 deals Eventure agreed on. In little over a year, Eventure signed approximately ten
14 different equity purchase or convertible note agreements (for example 1 2 3), in
15 which outside financiers were allowed to buy or convert to EVTI stock at
significant discounts to the share price, only to then proceed to dump the newly
16 acquired shares in the open market. By far the most remarkable of those deals was
with a mysterious entity named N600PG, which agreed to buy 10 million worth of
17 stock at a hefty discount to the market price. However, remarkably, Gannon
Giguere was not only the President of Eventure Interactive at that time, but
18 according to corporationwiki.com also a past Managing Member of this toxic
financier. As far as I could find, the fact Giguere might have had conflicting
19 interests was never disclosed to shareholders.

20 100. The article also described the fate of Eventure Interactive, stating, in relevant part:

21 In 2016, Eventure Interactive went “dark” and is now no longer filing with the
22 SEC. While its shares are as of today still theoretically listed, it hardly ever trades
23 anymore. Even though there are millions of shares on offer at \$0.0001, there are
simply no buyers left.

24 * * *

25 At this point, the stock is merely waiting for its registration to be revoked by the
26 SEC. All that’s left is a large group of investors owning billions of worthless
27 shares who at one point bought into the promises of Giguere and his team, but are
28 now left holding the bag having effectively lost all of their money.

101. The article noted and offered in support the December 15, 2016 *Seeking Alpha* article, stating, in relevant part:

On the 15th of December 2016, author Anthony Thorpe published an article on Seeking Alpha about a company called Eco Science Solutions (OTC:ESSI). He convincingly argued shares are worthless. Anyone who has taken a few minutes to do some basic due diligence on Eco Science will agree with him. The company solely owns two extremely basic apps nobody uses or has even heard of. Nevertheless, Eco Science currently has a \$110 million market cap.

* * *

In his article, Thorpe mainly focused on Eco Science itself, and its unlikely management. To really understand what's going on here, and to predict when the ESSI share price will finally dump for the last time before sinking away into oblivion, I suggest we look a bit deeper. In this article, I'll argue the company, as well as its management, are irrelevant and merely part of a vehicle that was set up to transfer shares to a third party. And in this case, that particular third party has pulled off an almost identical scheme just a few years ago, with that stock now trading at zero.

Finally, I'll explain why I strongly believe the ESSI share price will follow that example, and why it will start its final, definitive descent to zero literally any day now.

102. Also discussed in the article was the creation of Separation Degrees, which Defendant Giguere was also the CEO of and was set up in the same way as Eventure Interactive. The article stated, in relevant part:

2015: Separation Degrees – One

In January of 2015, when the share price of Eventure Interactive had already been spiraling down for some time, Giguere apparently decided it was time to move on. He then filed with the SEC, through an S-1 registration statement, for the IPO of a completely new company called Separation Degrees - One. Giguere appointed himself CEO, and took a large part of his team from Eventure Interactive with him, including Michael Rountree (Eventure's CFO) and Jason Harvey (Eventure's new CEO).

The setup behind Separation Degrees was basically identical to the setup behind Eventure Interactive in many ways. Again, Giguere had given himself millions of shares in this new venture in exchange for selling to the company a mysterious "software platform," consisting of (again) "millions of lines of code."

Unfortunately, for Giguere and Separation Degrees, the SEC wasn't willing to play ball. In an initial response letter to the original filing, the SEC made thirty-nine(!) different comments. Among others, the SEC had a problem with the lack of proper disclosure, the lack of clarity with regards to the amount of customers (if any) the company had, the use of promotional language, and a large number of inconsistencies in the filing. Also, the SEC wanted to know "how the software platform sold by Mr. Giguere [to Separation Degrees] differs from the platform [sold to Eventure Interactive]," as "we note the identical description of the assets purchased and that they are now owned by Eventure Interactive."

After going back and forth several times, and although Separation Degrees made a number of amendments to its filings, the SEC was still far from satisfied. In September 2015, it concluded:

"[u]ntil a corrective amendment is filed, we will not perform a detailed examination of the registration statement and we will not issue comments because to do so would delay the review of other disclosure documents that do not appear to contain comparable deficiencies."

While the S-1 registration statement was eventually declared effective, it's no surprise the IPO of Separation Degrees - One never materialized.

103. The article then dove into the transaction and ensuing relationship between Separation Degrees and Eco Science, stating, in relevant part:

ESSI and Giguere's Separation Degrees

After the IPO of Separation Degrees - One fell through, Giguere seems to have changed his plans. He no longer tried to IPO his own company, and instead appeared to change his focus to a company that's already listed. In January of 2016, Separation Degrees signed a "technology licensing and marketing support agreement" with an obscure, illiquid publicly traded entity called Eco Science Solutions, trading under the ticker ESSI. A majority stake in this company had (not coincidentally) just been bought by two brothers from Hawaii one month before (for more information on the Taylor brothers, see Anthony Thorpe's article). The agreement between Eco Science and Separation Degrees entailed, among others, for the third time this article, the sale of a mysterious "software platform."

Over 2016, the collaboration between Eco Science and Separation Degrees resulted in (again) two, very basic apps being brought to market, Herbo and Fitrix. Both apps are free, both are extremely basic (I personally tried Fitrix: by far the most impressive thing it does is offer an ability to calculate your Body Mass Index) and both are being downloaded or used by virtually nobody.

During 2016, Separation Degrees has send invoices to Eco Science totaling *over* \$2

1 And that's not where the similarities end. The Equity Purchase Agreement signed
2 by Eco Science with Phenix is almost an exact copy of the Equity Purchase
3 Agreement signed by Eventure Interactive with toxic financier N600PG two years
previous

4 * * *

5 Both deals through two separate entities have given Gannon Giguere pole
6 position in taking full advantage of the inflated Eco Science share price in the
7 short term. He's now sitting on four million shares, plus has the right to acquire
another ten million shares at a hefty discount, and sell them in the open market for
8 a big profit. All it still takes is those shares being registered for re-sale.

9 105. The article additionally described issues related to the Company's Registration
10 Statement on Form S-1 filed with the SEC on January 27, 2017, and the issues concerning the
11 Company's announced acquisition of Ga Du Bank, stating, in relevant part:

12 On January 26th, Eco Science filed with the SEC an S-1 registration statement.
13 These registration statements are usually declared effective by the SEC within
weeks, but on this occasion, it took close to four months, and two amendments.

14 As the ESSI share price began to slide during that unexpectedly long waiting
15 period, the company made ever more desperate attempts to keep traders
16 interested. This included a press release saying the company had signed a "Letter
of Intent" to buy a bank, with supposedly "commitments" from prospects "to
17 deposit sums between \$300 million and \$600 million."

18 Sounds good? Well, the internet has never heard of this so-called "Ga-Du Bank,"
19 and it's regulated by (or, in fact, is; it's all a bit confusing to say the least) the
newly founded Central Bank of the "Southern Cherokee Nation and The Red Fire
20 People." Claiming to be a sovereign nation based on an 18th century US Supreme
Court ruling (and quite possibly the only government in the world you can contact
21 per e-mail through a Gmail-address), it's not on the list of 566 Native American
tribes legally recognized by the US.

22 Apparently, even Eco Science itself wasn't too impressed: while it did send out a
23 PR, it never filed an 8-K with the SEC, which is an obligation to public
companies when they have material news to report. I agree with the company the
24 banking business is immaterial (and, besides, of a questionable legality, but I'll
25 leave that to the experts), but is most of all a poor attempt to distract investors
from impending doom.

26 Anyway, I digress. By far, the most important news for ESSI shareholders over
27 these last couple of months is the SEC has today declared the registration
statement effective, making it possible for Giguere to start selling stock legally
28 now. Based on the uncanny number of similarities between Eventure Interactive

1 and Eco Science Solutions, I strongly believe history will repeat itself: Eco
 2 Science's extended run will soon be over. With dilution in full swing, I believe
 3 Giguere will run yet another share price straight into the ground.

4 106. In conclusion, the article stated that the Company “must be one of the most cynical
 5 publicly traded ‘companies’” that the author had “ever come across,” and the author provided his
 6 opinion on the dire prospects of the Company, stating, in relevant part:

7 **Conclusion**

8 Eco Science Solutions must be one of the most cynical publicly traded
 9 “companies” I’ve ever come across. While many OTC-listed small caps have very
 10 little substance, at least most of them fake doing something. Eco Science
 11 Solutions doesn’t even bother. After having created two extremely basic apps and
 now apparently a move into tribal “banking,” the company to me seems ready to
 move on to the real purpose of this operation: printing new stock.

12 With a small float, lots of volatility and several great “buy the dip” opportunities,
 13 ESSI stock has been a day trader's dream in 2016 and 2017. It’s fundamentally
 14 worthless though, and it doesn't take a genius to see this. But there's no shortage
 15 of OTC stocks which are clear “zeroes.” And most of them, like ESSI, have
 16 excessive borrow rates, which make shorting tremendously expensive. The most
 difficult question is not determining the value, but when the bubble will finally
 pop. If you’re right about the value, but completely wrong about the timing, you’ll
 likely lose anyway.

17 With the SEC now having declared effective the S-1 statement registering an
 18 additional 14 million shares in the hands of a person with, shall we say, a
 19 “colorful” history and a strong incentive to sell sooner rather than later, I believe
 the catalyst that will pop this bubble has finally arrived.

20 107. On this news, the price per share of Eco Science stock fell \$0.23, or 9.5%, from the
 21 previous day’s closing price to close at \$2.17 on May 16, 2017.

22 ***May 19, 2017 SEC Release and Order***

23 108. On May 19, 2017, the SEC issued a release announcing the temporary suspension of
 24 trading in the Company’s securities due to “concerns regarding the accuracy and adequacy of
 25 publicly disseminated information concerning, among other things, ESSI’s proposed acquisition of
 26 Ga-Du Bank, Inc.” The SEC release stated, in relevant part:
 27

28 **SECURITIES EXCHANGE ACT OF 1934**

1 Release No. 80737 / May 19, 2017

2 The Securities and Exchange Commission (“Commission”) announced the temporary
3 suspension, pursuant to Section 12(k) of the Securities Exchange Act of 1934 (the
4 “Exchange Act”), of trading in the securities of Eco Science Solutions, Inc. (“ESSI”),
5 of Malawea, Hawaii at 9:30 a.m. EDT on May 22, 2017, and terminating at 11:59
6 p.m. EDT on June 5, 2017.

7 The Commission temporarily suspended trading in the securities of ESSI because of
8 concerns regarding the accuracy and adequacy of publicly disseminated information
9 concerning, among other things, ESSI’s proposed acquisition of Ga-Du Bank, Inc.
10 This order was entered pursuant to Section 12(k) of the Securities Exchange Act of
11 1934 (Exchange Act).

12 The Commission acknowledges FINRA’s assistance in this matter.

13 The Commission cautions broker-dealers, shareholders, and prospective purchasers
14 that they should carefully consider the foregoing information along with all other
15 currently available information and any information subsequently issued by the
16 company.

17 Further, brokers and dealers should be alert to the fact that, pursuant to Rule 15c2-11
18 under the Exchange Act, at the termination of the trading suspension, no quotation
19 may be entered unless and until they have strictly complied with all of the provisions
20 of the rule. If any broker or dealer has any questions as to whether or not he has
21 complied with the rule, he should not enter any quotation but immediately contact the
22 staff in the Division of Trading and Markets, Office of Interpretation and Guidance,
23 at (202) 551-5777. If any broker or dealer is uncertain as to what is required by Rule
24 15c2-11, he should refrain from entering quotations relating to ESSI’s securities until
25 such time as he has familiarized himself with the rule and is certain that all of its
26 provisions have been met. If any broker or dealer enters any quotation which is in
27 violation of the rule, the Commission will consider the need for prompt enforcement
28 action.

If any broker-dealer or other person has any information which may relate to this
matter, they should immediately contact Gerald Gross, Assistant Regional Director,
New York Regional Office at (212) 336-0085 or Michael D. Paley, Assistant
Regional Director, New York Regional Office at (212) 336-0145.

109. On May 19, 2017, the SEC also issued the Order against the Company. It stated that
“there is a lack of current and accurate information concerning the securities of [the Company]” due
to “concerns regarding the adequacy and accuracy” of information provided in its May 5, 2017
press release with regard to its potential acquisition of Ga Du Bank. The Order noted, in relevant
part:

1 It appears to the Securities and Exchange Commission that there is a lack of current
2 and accurate information concerning the securities of Eco Science Solutions, Inc.
3 (CIK No. 0001490873), a Nevada corporation with its principal place of business
4 listed as Makawao, Hawaii with stock quoted on OTC Link, operated by OTC
5 Markets Group Inc., under the ticker symbol ESSI, because of concerns regarding the
6 adequacy and accuracy of information in a company press release dated May 5, 2017
7 relating to the company's proposed acquisition of Ga-Du Bank, Inc.

8 The Commission is of the opinion that the public interest and the protection of
9 investors require a suspension of trading in the securities of the above-listed
10 company.

11 **May 24, 2017 Form 8-K**

12 110. On May 24, 2017, the Company filed the 5-24-2017 8-K, which revealed pertinent
13 information regarding the Company's proposed acquisition of Ga Du Bank and the inadequate and
14 inaccurate statements made in the May 5, 2017 press release, as referenced by the SEC in the Order.
15 The 5-24-2017 8-K specifically stated that the Company did not make clear in its May 5, 2017 press
16 release that: (1) Ga Du Bank was operated through the SCNRFP Central Bank; (2) the Chief of the
17 SCNRFP had given approval for the acquisition; and (3) Eco Science was in the process of
18 performing due diligence for the potential acquisition of Ga Du Bank. The 5-24-2017 8-K stated, in
19 relevant part:

20 On May 2, 2017, the Company entered into a Letter of Intent, with Ga-Du Bank,
21 which operates through the Southern Cherokee Nation Red Fire People Central Bank
22 (SCNRFP CB), operated by a Governing Board and Banking Oversight Secure
23 Committee, of the Southern Cherokee Nation Red Fire People, to acquire the Ga-Du
24 Bank. The Letter of Intent is the framework for the Company and the Ga-Du bank to
25 formalize the acquisition of the Ga-Du Bank following completion of the Company's
26 due diligence. The Company has hired Attorney's Mark Skaist and Ben Frydman
27 with the law firm of Stradling Yocca Carlson & Rauth, PC, specializing in corporate
28 law and familiar with the banking industry.

29 A press release announcing the letter of intent was issued on May 5, 2017, *and it was
30 not clear in the press release that the Ga-Du Bank is operated through the
31 SCNRFP Central Bank; approval by the Chief of the SCNRFP for the acquisition
32 of Ga-Du Bank has been given to the Company and the Company is now working
33 through the due diligence process. Once the due diligence is complete, and
34 approved by the Company, the Company will take further steps to close the
35 transaction. In the event the due diligence is not favorable, the Company will not
36 move forward with the transaction.* Both the Ga-Du bank and the Company are

1 working diligently to complete this transaction and once finalized, those documents
2 will be filed.

3 (Emphasis added.)

4 111. The 5-24-2017 8-K, however, failed to disclose that: (1) the Company's strategic
5 acquisitions plan lacked veracity; (2) Ga Du Bank's charter (which was provided through the
6 SCNRFP) and ability to engage in some desired commercial operations was not sufficiently
7 developed, and thus not viable; (3) the SCNRFP had made false representations to Ga Du Bank
8 regarding its correspondent and merchant relationships; (4) Ga Du Bank, despite indicating
9 otherwise to Eco Science, would not soon have a solution for banking with the SCNRFP; (5) thus,
10 the Company made inadequate and inaccurate public statements concerning its potential acquisition
11 of Ga Du Bank; and (6) the Company failed to maintain adequate internal controls.

12
13 ***Stock Resumes Trading***

14 112. On June 6, 2017, the Company's stock resumed trading, and closed at \$0.65 per
15 share on that day, which was decline of about \$1.72, or 72.5%, from the closing price of the
16 Company's stock on May 19, 2017, the date trading in the Company's stock was suspended.

17 ***June 14, 2017 Form 10-Q***

18 113. On June 14, 2017, the Company filed a Form 10-Q with the SEC presenting the
19 Company's financial results for the fiscal quarter ended April 30, 2017 (the "1Q 2017 10-Q"),
20 which was signed by Defendant J. Taylor. The statements made in the 1Q 2017 10-Q were
21 materially false and misleading because they failed to disclose that: (1) the Company's strategic
22 acquisitions plan lacked veracity; (2) Ga Du Bank's charter (which was provided through the
23 SCNRFP) and ability to engage in some desired commercial operations was not sufficiently
24 developed, and thus not viable; (3) the SCNRFP had made false representations to Ga Du Bank
25 regarding its correspondent and merchant relationships; (4) Ga Du Bank, despite indicating
26 otherwise to Eco Science, would not soon have a solution for banking with the SCNRFP; (5) thus,
27
28

the Company made inadequate and inaccurate public statements concerning its potential acquisition of Ga Du Bank; and (6) the Company failed to maintain adequate internal controls. Instead, the 1Q 2017 10-Q generally stated that the Company had entered into a Letter of Intent with Ga Du Bank and it hoped to close the transaction by the end of June 2017. The 1Q 2017 10-Q stated the following with regard to Ga Du Bank:

On May 2, 2017, the Company entered into a Letter of Intent, with Ga-Du Bank, which operates through the Southern Cherokee Nation Red Fire People Central Bank (SCNRFP CB), operated by a Governing Board and Banking Oversight Secure Committee, of the Southern Cherokee Nation Red Fire People, to acquire the Ga-Du Bank. The Letter of Intent is the framework for the Company and the Ga-Du bank to formalize the acquisition of the Ga-Du Bank following completion of the Company's due diligence. The Company has hired Attorney's Mark Skaist and Ben Frydman with the law firm of Stradling Yocca Carlson & Rauth, PC, specializing in corporate law and familiar with the banking industry.

The Company continues to work with Ga-Du Corporation regarding the acquisition of its banking services, and hope to close the transaction by the end of June 2017.

114. Attached to the 1Q 2017 10-Q were SOX Certifications signed by Defendants J. Taylor and D. Taylor, attesting to the accuracy of the 1Q 2017 10-Q.

June 26, 2017 Form 8-K

115. On June 26, 2017, the Company filed the 6-26-2017 8-K. The 6-26-2017 8-K revealed a litany of materially adverse facts that the Company had failed to disclose. The Company noted that its due diligence revealed that Ga Du Bank's "overall charter and [. . .] ability to engage in some of the desired commercial operations through the SCNRFP was not sufficiently developed by SCNRFP to meet the expectations of [the Company]," and, thus, the Company was not going to proceed with acquiring Ga Du Bank's banking charter. The 6-26-2017 8-K stated, in relevant part:

Previously, on May 2, 2017, ESSI entered into a Letter of Intent with Ga Du Bank, a banking platform with a charter through the Southern Cherokee Nation Red Fire People ("SCNRFP"). After completing its due diligence, ESSI determined that while the banking platform technology was capable and had many advantages, *the overall charter and the ability to engage in some of the desired commercial operations through the SCNRFP was not sufficiently*

1 *developed by SCNRFP to meet the expectations of ESSI. In light of this, each of*
 2 *ESSI and Ga Du determined not to proceed with the acquisition of the banking*
 3 *charter.* Ga Du; however, has continued the refinement of its platform for data
 4 capture, financial services, and compliance platform, to develop mobile enterprise
 applications and to work with existing commercial banks, along with its other
 enterprise services activities.

5 (Emphasis added).

6 116. The 6-26-2017 8-K revealed “several key representations” made by the Chief of the
 7 SCNRFP to Ga-Du Bank, including representations that “the SCNRFP had a correspondent
 8 relationship with HSBC Bank in London” and that “SNRFP’s central bank was authorized by Visa
 9 and Master Card to engage in merchant transaction with cannabis merchants and would be acting as
 10 its own ‘interchange’ (payment processing).” The 6-26-2017 8-K noted with regard to the “key
 11 representations”:
 12

13 The Chief indicated that he believed that an opportunity existed to market banking
 14 and merchant services to cannabis merchants. As discussions developed, the
 15 Chief made several key representations: (i) that SCNRFP had opened a central
 16 bank (the “Central Bank”); (ii) that SCNRFP was a sovereign nation recognized
 17 by several other nations, and that this sovereignty had been clarified by opinion
 18 letter and treaty as to the United States; (iii) that SCNRFP had a correspondent
 19 relationship with HSBC Bank in London; (iv) that the Central Bank was
 20 authorized by Visa and Master Card to engage in merchant transactions with
 21 cannabis merchants and would be acting as its own “interchange” (payment
 processing); (v) that a charter from the Central Bank would permit Ga Du to
 engage in offering banking services; (vi) that SCNRFP would deposit up to \$300
 million in a bank to be organized by Ga Du if Ga Du was prepared to develop an
 automated security and compliance system, with funds transfer software
 capability.

22 117. These “key representations,” however, were misleading, particularly with regard to
 23 the representations about merchant and correspondent relationships. The 6-26-2017 8-K stated, in
 24 relevant part:

25 As Ga Du’s relationship with SCNRFP developed, Ga Du continued a due
 26 diligence process and became involved in advising and assisting SCNRFP as to
 27 their banking proposal. *Ga Du discovered that the correspondent relationship*
 28 *and merchant relationships, despite representation, were not firm, and had not,*
in fact, been verified.

1 (Emphasis added).

2 118. Additionally, the 6-26-2017 8-K indicated that during the process leading up to the
3 May 2, 2017 Letter of Intent, “Ga Du indicated to [the Company] that it believed that it would soon
4 have a solution for cannabis banking with SCNRFP. While Ga Du had received a license from
5 SCNRFP it had not yet received an opinion letter as to sovereignty.” As the facts disclosed in the
6 6-26-2017 8-K reveal, the Company had no reasonable basis for making such a claim.
7

8 119. The 6-26-2017 additionally addressed some fallout resulting from the Order, noting
9 that the “SCNRFP terminated its relationship with Ga-Du.” The 6-26-2017 8-K, however, also
10 noted that despite the issues with Ga Du Bank and the termination of its relationship with the
11 SCNRFP, the Company had entered a stock purchase agreement to purchase all of the shares of Ga
12 Du Corporation, making it a subsidiary of Eco Science:
13

14 On June 21, 2017, Eco Science Solutions, Inc. (ESSI) entered into a Stock
15 Purchase Agreement (“SPA”) with the shareholders of Ga Du Corporation, a
16 Nevada corporation (“Ga Du”, “Sellers”), wherein, ESSI agreed to purchase, and
17 Sellers agreed to sell 100% of the shares of capital stock of Ga Du to ESSI, in
exchange of fifteen million (15,000,000) shares of ESSI Common Stock, that
shall be issued to Seller’s, pursuant to the SPA.

18 120. As reasoning for the purchase, the Company cited the development of Ga Du Bank’s
19 technology platform and enterprise solutions business, and how the acquisition would “complete
20 one segment of [the Company’s] business plan” and potentially “create additional revenue streams
21 for a combined entity,” stating, in relevant part:

22 Ga Du; however, has continued the refinement of its platform for data capture,
23 financial services, and compliance platform, to develop mobile enterprise
24 applications and to work with existing commercial banks, along with its other
25 enterprise services activities. Ga Du’s management team determined that the
26 direction and vision of ESSI aligned with the interests of Ga Du, and seeing
27 the potential to create additional revenue streams for a combined entity, the Ga
28 Du management team agreed unanimously to become a subsidiary of ESSI and
bring to market its other activities under the Eco Sciences brand. With the
acquisition of Ga Du Corporation, ESSI has now acquired the Ga Du technology,
along with its other activities such as Certified Laboratory Testing and Retail
Inventory Control, bringing important enterprise technologies in-house.

* * *

Because Ga Du has developed a great many Enterprise Solutions, and in-roads to provide financial services to the Cannabis industry, Management believes there are tremendous complimentary aspects that, when combined, complete one segment of the ESSI business plan; exploration of eco-friendly technology and properties, which align with our health and wellness applications. Alongside of our Herbo Applications, moving forward in the cannabis industry and developing solutions that comport with the cannabis industry, may position ESSI to become a single source provider to consumers, dispensary owners/operators, smoke shops, and supporting professionals in the industry.

121. In further touting the benefits of acquiring Ga Du, the 6-26-2017 8-K noted the “tremendous ecommerce and enterprise opportunities in front of a combined Eco Science Solutions and Ga Du,” stating, in relevant part:

How Ga Du is related to ESSI’s operating business

The Cannabis industry that ESSI and Ga Du are working to penetrate, remains fragmented, with rather small owner/operators, all whom are servicing their customer base with limited technologies, unsophisticated business processes and non-existent financial services. While forecasts have the Medical Marijuana industry as quite large, there remains a lack of technologies, business process and financial services that allow for the enterprise and the consumer to transact in an efficient manner. Management believes an analogy can be made that when Amazon.com entered into consumer retail market, the overall categories they targeted presented similar inefficiencies. This premise implies that there are tremendous ecommerce and enterprise opportunities in front of a combined Eco Science Solutions and Ga Du.

ESSI has developed, and offers, a consumer engagement application; e-wallet; location and delivery technologies; e-commerce platform; and a rich educational content platform.

Ga Du has developed, and offers, a security software to capture and retain customer and membership data, to accommodate KYC and compliancy matters for various kinds of financial services; a flexible mobile payment platform to facilitate payment for all kinds of services and products in collaboration with an experienced provider.

When combined, ESSI and Ga Du will have the capability to vertically satisfy the entire transaction flow from consumer to enterprise with a keen focus on the underserved Cannabis industry. The parties believe that this first mover advantage may give the Company a significant competitive advantage on a long-term basis.

122. The 6-26-2017 8-K also disclosed Defendant Oveson's leading role in combining the two entities, stating, in relevant part:

Concurrently with work previously commenced on a proprietary banking and compliance software, Ga Du commenced to seek a correspondent relationship with various banks and to develop merchant processing relationship(s). During the later period of this process, Ga Du was introduced to Eco Science Solutions Inc. ("ESSI") by Mr. Randal Oveson. Mr. Oveson was aware of Ga Du's work with SCNRFP. Ga Du indicated to ESSI that it believed that it would soon have a solution for cannabis banking with SCNRFP. While Ga Du had received a license from SCNRFP it had not yet received an opinion letter as to sovereignty. Ga Du continued its development work on merchant processing and other payment solutions to assist merchants to avoid the handling of large amounts of cash, and on a depository system for taking cash deposits and digitizing such deposits.

123. On September 14, 2017, Eco Science filed a Form 12b-25 Notification of Late Filing with the SEC, stating that the Company "is unable to file, without unreasonable effort and expense, its Quarterly Report on Form 10-Q for the quarter ended July 31, 2017 because the Registrant has not yet been able to compile all the required financial data for the independent auditor to review."

124. On October 6, 2017, Eco Science filed a Form 8-K with the SEC announcing that Ga Du Corporation had entered into an agreement on September 22, 2017 with G&L Enterprises wherein Ga Du Corporation was assigned "all of [G&L Enterprises'] rights, interest in, and obligations under a License and Master Marketing Agreement" that G&L Enterprises had entered into with Alliance Financial Network, Inc. ("Alliance"), a company that "provides certain financial and marketing services to businesses and individuals, including the Cannabis industry." The Form 8-K elaborated on the business of Alliance and how Alliance would provide the Company with certain benefits, including the use of a marketing and financial services software platform, stating in relevant part:

Further, on September 22, 2017, Ga Du Corporation entered into an Assignment Agreement with G&L Enterprises, wherein G&L Enterprises assigned, to Ga Du Corporation, all of its rights, interest in, and obligations under a License and Master Marketing Agreement (LMMA) it entered into with Alliance Financial Network, Inc. ("AFN", "Alliance") on September 6, 2017. The basic terms of that Agreement are as follows:

1 Alliance provides certain financial and marketing services to businesses and
2 individuals, including the Cannabis Industry, on a programmatic or membership
3 basis (the “Financial Program”), of which Alliance derives fees and income from
4 enrolling companies in the Financial Program and providing a range of services,
5 with respect to which AFN and Ga Du may derive fees and income, for such
6 clients (the “Members”) according to the AFN pricing schedule (the “Fees”).

7 Alliance Financial Network is registered with FinCEN (MSB Registration
8 Number: 31000094744769) as a financial services institution, compliant with the
9 AML/BSA guidelines of FinCEN, and is regulated by the IRS. Operating a
10 mobile application known as eXPO™ electronic eXchange Portal, Alliance
11 provides financial and marketing services to businesses and individuals, which are
12 challenged in the traditional banking systems, and generally are those that require
13 more intensive compliance then banks are willing, or able to perform. One such
14 industry is the cannabis industry; Alliance is configured to establish Membership
15 relationships businesses in this industry following a full compliance audit on the
16 business.

17 125. The Company’s October 6, 2017 Form 8-K also noted that Eco Science would issue
18 200,000 shares of Company stock to Alliance as a result of the transaction.

19 126. As a result of the foregoing, the Company’s public statements regarding its business,
20 operations, and prospects were materially false and misleading at the time they were made, and this
21 was known by the Individual Defendants or recklessly disregarded by them.

22 127. Moreover, the Individual Defendants failed to timely correct these false and
23 misleading statements and/or omissions of material fact.

24 128. In breach of their fiduciary duties owed to Eco Science, Defendants J. Taylor and D.
25 Taylor willfully or recklessly caused the Company to omit the foregoing adverse information in its
26 public statements and caused the Company to fail to correct these public statements, and
27 Defendants Lewis and Overson aided and abetted in said breach.

28 129. In further breach of their fiduciary duties owed to Eco Science, Defendants J. Taylor
and D. Taylor caused the Company to provide the Individual Defendants excessive compensation,
and Defendants Lewis and Overson aided and abetted in said breach.

1 130. In further breach of their fiduciary duties owed to Eco Science, J. Taylor and D.
2 Taylor caused the Company to overpay via Company stock for the acquisition of Ga Du Bank, and
3 Defendants Lewis and Overson aided and abetted in said breach.

4 131. Also in breach of their fiduciary duties, Defendants J. Taylor and D. Taylor engaged
5 in and/or caused the Company to engage in the Fraudulent Scheme, and Defendant Giguere
6 contributed directly to such breach, or aided and abetted such breach.
7

8 **DAMAGES TO ECO SCIENCE**

9 132. As a direct and proximate result of the Individual Defendants' conduct, Eco Science
10 will lose and expend many millions of dollars.

11 133. Such expenditures include, but are not limited to, legal fees and payments associated
12 with the Securities Class Actions filed against the Company and Defendants J. Taylor and D.
13 Taylor, and amounts paid to outside lawyers, accountants, and investigators in connection thereto.
14

15 134. Such losses include losses related to the SEC's suspension of trading in the
16 Company's securities.

17 135. Such losses also include losses in potential revenues caused by customers' loss of
18 trust in the Company's business and potential products and losses in potential investments caused
19 by investors loss of trust in the Company's business and products.
20

21 136. Such losses additionally include the overpayment by the Company of Company
22 stock for the acquisition of Ga Du Bank.

23 137. Moreover, such losses include the corporate assets wasted through the Fraudulent
24 Scheme, especially through the Stock Promotion Scheme and through the significant amounts of
25 common stock awarded to Defendant Giguere's companies for essentially nothing in return.
26
27
28

1 138. Such costs include, but are not limited to, compensation, bonuses, and/or benefits
2 paid to the Individual Defendants who breached their fiduciary duties to the Company, and/or aided
3 and abetted said breach.

4 139. As a direct and proximate result of the Individual Defendants' conduct, Eco Science
5 has also suffered and will continue to suffer a loss of reputation and goodwill, and a "liar's
6 discount" that will plague the Company's stock in the future due to the Company's and their
7 misrepresentations and the Individual Defendants' breaches of fiduciary duties and unjust
8 enrichment.
9

10 **DERIVATIVE ALLEGATIONS**

11 140. Plaintiff brings this action derivatively and for the benefit of Eco Science to redress
12 injuries suffered, and to be suffered, as a result of the Individual Defendants' breaches of their
13 fiduciary duties as directors, officers, and controlling shareholders of Eco Science and unjust
14 enrichment, as well as the aiding and abetting thereof.
15

16 141. Eco Science is named solely as a nominal party in this action. This is not a collusive
17 action to confer jurisdiction on this Court that it would not otherwise have.

18 142. Plaintiff is, and has been at all relevant times, an Eco Science shareholder. Plaintiff
19 will adequately and fairly represent the interests of Eco Science in enforcing and prosecuting its
20 rights, and, to that end, has retained competent counsel, experienced in derivative litigation, to
21 enforce and prosecute this action.
22

23 **DEMAND FUTILITY ALLEGATIONS**

24 143. Plaintiff incorporates by reference and re-alleges each and every allegation stated
25 above as if fully set forth herein.

26 144. A pre-suit demand on the Board of Eco Science is futile and, therefore, excused. At
27 the time of filing of this action, the Board consists of the following four Individual Defendants:
28

1 Defendants J. Taylor, D. Taylor, Lewis, and Overson (collectively, the “Directors”). Plaintiff only
2 needs to allege demand futility as to two of the four Directors who are on the Board at the time this
3 action is commenced.

4 145. Demand is excused as to all of the Directors because each one of them faces,
5 individually and collectively, a substantial likelihood of liability as a result of the scheme they
6 engaged in knowingly or recklessly to make and/or cause the Company to make the false and
7 misleading statements and omissions of material facts described herein, to provide themselves
8 excessive compensation, and to overpay with Company stock for the acquisition of Ga Du Bank,
9 which renders them unable to impartially investigate the charges and decide whether to pursue
10 action against themselves.
11

12 146. In complete abdication of their fiduciary duties, the Directors either knowingly or
13 recklessly participated in making and/or causing the Company to make the materially false and
14 misleading statements alleged herein. The fraudulent scheme was intended to make the Company
15 appear more stable, profitable, and attractive to investors. As a result of the foregoing, the
16 Directors breached their fiduciary duties, and/or aided and abetted said breach, face a substantial
17 likelihood of liability, are not disinterested, and demand upon them is futile, and thus excused.
18

19 147. All of the Directors are not independent because of the excessive compensation they
20 receive and have received from the Company.
21

22 148. Additional reasons that demand on Defendant J. Taylor is futile follow. Defendant J.
23 Taylor has served as the Company’s President and CEO since December 2015. He has also served
24 as the Company’s Secretary and as a Company director since January 2016. As the Company
25 admits in the 2016 10-K, he is a non-independent director. Defendant J. Taylor was directly
26 responsible for all of the wrongful conduct described herein, including making all of the false and
27 misleading statements and omissions that were made (he personally made statements in the May 5,
28

1 2017 press release and signed the 2016 10-K). Indeed, Defendant J. Taylor is a defendant in the
2 Securities Class Actions. As the CEO, President, Secretary, and a Company director, Defendant J.
3 Taylor conducted little, if any, oversight of the Company's engagement in the scheme to make false
4 and misleading statements and/or omissions of material fact, consciously disregarded his duties to
5 monitor engagement in the scheme, and consciously disregarded his duties to protect corporate
6 assets. Thus, he faces a substantial likelihood of liability. He received lavish compensation,
7 including \$8,305,000 for the fiscal year ended January 31, 2017. Defendant J. Taylor's large
8 Company stock holding, worth over \$44.2 million on March 31, 2017, reveals his interest in
9 keeping the Company's stock price as high as possible. Defendant J. Taylor is part of the
10 controlling shareholder group comprised of himself and D. Taylor that has controlled the Company
11 via its collective ownership of 57.52% of the Company's voting power. The Board was entirely
12 comprised of this controlling group until the acquisition of Ga Du Bank. He is thus not
13 independent, and he is also beholden to D. Taylor, the other member of the controlling group.
14 Furthermore, Defendant J. Taylor is the brother of Defendant D. Taylor, who is likely to face
15 liability for the scheme outlined herein. Thus, for these reasons, too, Defendant J. Taylor breached
16 his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested,
17 and thus demand upon him is futile and, therefore, excused.

18
19
20
21 149. Additional reasons that demand on Defendant D. Taylor is futile follow. Defendant
22 D. Taylor has served as the Company's CFO since December 2015. He has also served as the
23 Company's Treasurer and as a Company director since January 2016. As the Company admits in
24 the 2016 10-K, he is a non-independent director. Defendant D. Taylor was directly responsible for
25 the wrongful conduct described herein, including making all of the false and misleading statements
26 and omissions that were made (he personally made statements in the 2016 10-K). Indeed,
27 Defendant D. Taylor is a defendant in the Securities Class Actions. As the CFO and a Company
28

1 director, Defendant J. Taylor conducted little, if any, oversight of the Company's engagement in the
2 scheme to make false and misleading statements and/or omissions of material fact, consciously
3 disregarded his duties to monitor engagement in the scheme, and consciously disregarded his duties
4 to protect corporate assets. Thus, he faces a substantial likelihood of liability. He received lavish
5 compensation, including \$8,295,000 for the fiscal year ended January 31, 2017. Defendant D.
6 Taylor's large Company stock holding, worth over \$44.2 million on March 31, 2017, reveals his
7 interest in keeping the Company's stock price as high as possible. Defendant D. Taylor is part of
8 the controlling shareholder group comprised of himself and J. Taylor that controls the Company via
9 its collective ownership of 57.52% of the Company's voting power. The Board was entirely
10 comprised of this controlling group until the acquisition of Ga Du Bank. He is thus not
11 independent, and he is also beholden to J. Taylor, the other member of the controlling group.
12 Furthermore, Defendant D. Taylor is the brother of Defendant J. Taylor, who is likely to face
13 liability for the scheme outlined herein. Thus, for these reasons, too, Defendant D. Taylor breached
14 his fiduciary duties, faces a substantial likelihood of liability, is not independent or disinterested,
15 and thus demand upon him is futile and, therefore, excused.

16
17
18 150. Additional reasons that demand on Defendant Lewis is futile follow. Defendant
19 Lewis has served as a Company director since June 21, 2017. He is entitled to receive lavish
20 compensation, including an annual salary of \$120,000. Defendant Lewis is also entitled to
21 potentially receive 2,500,000 shares of the Company's common stock. Furthermore, on June 21,
22 2017, Defendant Lewis was appointed the CEO of Ga Du Corporation. Thus, his livelihood is
23 dependent on the aforementioned controlling shareholder group comprised of directors who are not
24 disinterested. As a Company director, Defendant Lewis aided and abetted Defendants J. Taylor's
25 and D. Taylor's breaches of fiduciary duty. Defendant Lewis, due to his employment with Ga Du
26 Bank, supported the other Individual Defendants' failures to disclose the material adverse facts as
27
28

1 discussed herein because he knew that Ga Du Bank would not be able to provide the Company with
2 the financial banking services it desired and had represented it would obtain in its public statements.
3 Yet he was aware that the making of such false statements helped effectuate the acquisition of Ga
4 Du Bank, Inc., which acquisition he benefited from. Thus, for these reasons, too, Defendant Lewis
5 aided and abetted Defendants J. Taylor's and D. Taylor's breaches of fiduciary duties, faces a
6 substantial likelihood of liability, is not independent or disinterested, and thus demand upon him is
7 futile and, therefore, excused.
8

9 151. Additional reasons that demand on Defendant Oveson is futile follow. Defendant
10 Oveson has served as a Company director since June 21, 2017. He is entitled to receive lavish
11 compensation, including an annual salary of \$120,000. Defendant Oveson is also entitled to
12 potentially receive 1,500,000 shares of the Company's common stock. Furthermore, on June 21,
13 2017, Defendant Oveson was appointed the Chief Operating Officer of Ga Du Corporation. Thus,
14 his livelihood is dependent on the aforementioned controlling shareholder group comprised of
15 directors who are not disinterested. As a Company director, Defendant Oveson aided and abetted
16 Defendants J. Taylor and D. Taylor's breaches of fiduciary duty. Defendant Oveson, due to his
17 prior employment or association with Ga Du Bank, supported the other Individual Defendants'
18 failures to disclose the material adverse facts as discussed herein because he knew that Ga Du Bank
19 would not be able to provide the Company with the financial banking services it desired and had
20 presented in its public statements. Yet he was aware that the making of such false statements
21 helped effectuate the acquisition of Ga Du Bank, Inc., which acquisition he benefited from. Thus,
22 for these reasons, too, Defendant Oveson aided and abetted Defendants J. Taylor's and D. Taylor's
23 breaches of fiduciary duties, faces a substantial likelihood of liability, is not independent or
24 disinterested, and thus demand upon him is futile and, therefore, excused.
25
26

27 152. Additional reasons that demand on the Board is futile follow.
28

1 153. Demand in this case is excused because the Directors, who are named as defendants
2 in this action, control the Company and are beholden to each other. Defendants J. Taylor and D.
3 Taylor comprise a controlling group of the Company and served as the Company's sole executives
4 and directors until the acquisition of Ga Du Bank. As such, they were directly responsible for the
5 scheme engaged in as discussed herein. Thus, Defendants J. Taylor and D. Taylor are interested
6 and face a substantial likelihood of liability, and therefore any demand upon them is futile.
7

8 154. Defendants Lewis and Oveson aided and abetted the Fraudulent Scheme through
9 their roles as officers of Ga Du Bank, assisting in the acquisition of Ga Du Bank by the Company,
10 the promotion of which was used to further buttress the price of the Company's stock. Through
11 their roles in effectuating the Ga Du Bank acquisition, Defendants Lewis and Oveson have caused
12 harm to the Company and its shareholders through, *inter alia*, damage to Eco Science's reputation,
13 waste of assets, and contributing to conduct resulting in the Securities Class Actions. Thus,
14 Defendants Lewis and Oveson face a substantial likelihood of liability, and demand is futile as to
15 them.
16

17 155. Moreover, Defendants Lewis and Oveson are not disinterested due to the benefits
18 they received and continue to receive from Eco Science's dealings with Ga Du Corporation.
19 Defendants Lewis and Oveson, who were appointed to serve as CEO and Chief Operating Officer
20 of Ga Du Corporation after it was acquired by Eco Science, respectively, and who served as
21 President of and who was responsible for the operations of Ga Du Bank before the acquisition,
22 respectively, were instrumental in arranging for Eco Science's acquisition of Ga Du Corporation,
23 which unfairly benefited Ga Du Corporation to Eco Science's detriment,. Because Defendants
24 Lewis and Oveson had important positions at Ga Du Bank, which was owned by Ga Du
25 Corporation, they *were* dependent on Ga Du Corporation, and thus were not disinterested in
26 deciding to effect this unfair acquisition. They *are* also not disinterested, as well as not
27
28

1 independent, because as a result of their causing the unfair acquisition, they received not only
2 directorships at Eco Science, but valuable executive positions at Ga Du Corporation. Thus,
3 Defendants Lewis and Oveson are not disinterested, and demand as to them is futile, and excused.

4 156. Eco Science does not have a standing Audit Committee or Compensation
5 Committee. Instead the Board performs all functions that would otherwise be performed by these
6 committees. Thus, the Board, and especially Defendants J. Taylor and D. Taylor who were the sole
7 members of the Board while much of the wrongdoing alleged herein occurred and who now
8 comprise half of the Board membership, face a substantial likelihood of additional liability for the
9 Company's scheme as discussed herein, including the false and misleading statements, failure to
10 maintain adequate internal controls, and unjust enrichment of the Directors and Company's officers.
11 Thus, any demand upon them is futile.

12 157. Defendants J. Taylor and D. Taylor each received compensation exceeding \$8.29
13 million for the fiscal year ended January 31, 2017. In light of their engagement in the wrongdoing
14 alleged herein, their compensation was excessive and they face a substantial likelihood of liability
15 for awarding themselves such improper compensation and would not be disinterested in considering
16 a demand to recoup the money from themselves. Thus, any demand upon Defendants J. Taylor and
17 D. Taylor is futile.

18 158. Defendants Lewis and Oveson were appointed to executive positions with Ga Du
19 Corporation pursuant to the Stock Purchase Agreement. Due to their positions as CEO and Chief
20 Operating Officer of Ga Du Corporation, respectively, Defendants Lewis and Oveson are not
21 independent. Thus, any demand upon Defendants Lewis or Oveson is futile.

22 159. The Directors have longstanding business and personal relationships with each other
23 that preclude them from acting independently and in the best interests of the Company and the
24 shareholders. The relationship between Directors J. Taylor and D. Taylor is particularly strong as
25
26
27
28

1 they are brothers. These conflicts of interest precluded the Directors from adequately monitoring
2 the Company's operations and internal controls and calling into question the Individual Defendants'
3 conduct. Thus, any demand on the Directors is futile.

4
5 160. Eco Science has been, and will continue to be, exposed to significant losses due to
6 the wrongdoing complained of herein, yet the Directors have not filed any lawsuits against
7 themselves or others who were responsible for the wrongful conduct to attempt to recover for Eco
8 Science any part of the damages Eco Science suffered, and will continue to suffer, thereby. Thus,
9 any demand on the Directors is futile.

10 161. The Individual Defendants' conduct described herein and summarized above could
11 not have been the product of legitimate business judgment as it was based on bad faith and
12 intentional, reckless, or disloyal misconduct. Thus, none of the Directors can claim exculpation
13 from their violations of duty pursuant to the Company's charter (to the extent such a provision
14 exists). As a majority of the Directors face a substantial likelihood of liability, they are self-
15 interested in the transactions challenged herein and cannot be presumed to be capable of exercising
16 independent and disinterested judgment about whether to pursue this action on behalf of the
17 shareholders of the Company. Accordingly, demand is excused as being futile.

18
19 162. The acts complained of herein constitute violations of fiduciary duties owed by Eco
20 Science's officers and directors, and these acts are incapable of ratification.

21
22 163. The Directors may also be protected against personal liability for their acts of
23 mismanagement and breaches of fiduciary duty alleged herein by directors' and officers' liability
24 insurance if they caused the Company to purchase it for their protection with corporate funds, i.e.,
25 monies belonging to the stockholders of Eco Science. If there is a directors' and officers' liability
26 insurance policy covering the Directors, it may contain provisions that eliminate coverage for any
27 action brought directly by the Company against the Directors, known as, *inter alia*, the "insured-
28

1 versus-insured exclusion.” As a result, if the Directors were to sue themselves or certain of the
2 officers of Eco Science, there would be no directors’ and officers’ insurance protection.
3 Accordingly, the Directors cannot be expected to bring such a suit. On the other hand, if the suit is
4 brought derivatively, as this action is brought, such insurance coverage, if such an insurance policy
5 exists, will provide a basis for the Company to effectuate a recovery. Thus, demand on the
6 Directors is futile and, therefore, excused.
7

8 164. If there is no directors’ and officers’ liability insurance, then the Directors will not
9 cause Eco Science to sue the Individual Defendants named herein, since, if they did, they would
10 face a large uninsured individual liability. Accordingly, demand is futile in that event, as well.

11 165. Thus, for all of the reasons set forth above, all of the Directors, and, if not all of
12 them, at least two of them, cannot consider a demand with disinterestedness and independence.
13 Consequently, a demand upon the Board is excused as futile.
14

15 **FIRST CLAIM**

16 **Against Defendants J. Taylor and D. Taylor for Breach of Fiduciary Duties**

17 166. Plaintiff incorporates by reference and re-alleges each and every allegation set forth
18 above, as though fully set forth herein.

19 167. Defendants J. Taylor and D. Taylor owed to the Company the duty to exercise
20 candor, good faith, and loyalty in the management and administration of Eco Science’s business
21 and affairs.
22

23 168. Defendants J. Taylor and D. Taylor violated and breached their fiduciary duties of
24 candor, good faith, loyalty, reasonable inquiry, oversight, and supervision.

25 169. Defendants J. Taylor’s and D. Taylor’s conduct set forth herein was due to their
26 intentional, reckless, or negligent breach of the fiduciary duties they owed to the Company, as
27
28

1 alleged herein. The Individual Defendants intentionally, recklessly, or negligently breached or
2 disregarded their fiduciary duties to protect the rights and interests of Eco Science.

3 170. In breach of their fiduciary duties, Defendants J. Taylor and D. Taylor engaged in
4 and/or caused the Company to engage in the Fraudulent Scheme.

5 171. Also, in breach of their fiduciary duties owed to Eco Science, Defendants J. Taylor
6 and D. Taylor willfully or recklessly made and/or caused the Company to make false and
7 misleading statements and fail to disclose that: (1) they engaged in and/or caused the Company to
8 engage in the Fraudulent Scheme; (2) the Company's strategic acquisitions plan lacked veracity; (3)
9 Ga Du Bank was operated through the SCNRFP Central Bank; (4) the Chief of the SCNRFP had
10 given approval for the acquisition; (5) Eco Science was in the process of performing due diligence
11 for the potential acquisition of Ga Du Bank and had begun this process in early 2017; (6) Ga Du
12 Bank's charter (which was provided through the SCNRFP) and ability to engage in some desired
13 commercial operations was not sufficiently developed, and thus not viable; (7) the SCNRFP had
14 made false representations to Ga Du Bank regarding its correspondent and merchant relationships;
15 (8) Ga Du Bank, despite indicating otherwise to Eco Science, would not soon have a solution for
16 banking with the SCNRFP; (9) thus, the Company made inadequate and inaccurate public
17 statements concerning its potential acquisition of Ga Du Bank; and (10) the Company failed to
18 maintain adequate internal controls. Defendants J. Taylor and D. Taylor also failed to correct
19 and/or caused the Company to fail to correct the false and misleading statements and omissions of
20 material fact referenced herein, rendering them personally liable to the Company for breaching their
21 fiduciary duties.
22

23 172. Defendants J. Taylor and D. Taylor had actual knowledge of the misrepresentations
24 and omissions of material facts set forth herein, or acted with reckless disregard for the truth, in that
25 they failed to ascertain and to disclose such facts, even though such facts were available to them.
26
27
28

1 Such material misrepresentations and omissions were committed knowingly or recklessly and for
2 the purpose and effect of artificially inflating the price of Eco Science's securities.

3 173. Defendants J. Taylor and D. Taylor had actual or constructive knowledge that they
4 had caused the Company to improperly engage in the fraudulent scheme set forth herein and to fail
5 to maintain adequate internal controls. Defendants J. Taylor and D. Taylor had actual knowledge
6 that the Company was engaging in the fraudulent scheme set forth herein, and that internal controls
7 were not adequately maintained, or acted with reckless disregard for the truth, in that they caused
8 the Company to improperly engage in the fraudulent scheme and to fail to maintain adequate
9 internal controls, even though such facts were available to them. Such improper conduct was
10 committed knowingly or recklessly and for the purpose and effect of artificially inflating the price
11 of Eco Science's securities.
12

13 174. These actions were not a good-faith exercise of prudent business judgment to protect
14 and promote the Company's corporate interests.
15

16 175. As a direct and proximate result of the Defendants J. Taylor's and D. Taylor's
17 breaches of their fiduciary obligations, Eco Science has sustained and continues to sustain
18 significant damages. As a result of the misconduct alleged herein, Defendants J. Taylor and D.
19 Taylor are liable to the Company.
20

21 176. Plaintiff on behalf of Eco Science has no adequate remedy at law.

22 **SECOND CLAIM**

23 **Against Individual Defendants and Defendant Giguere for Unjust Enrichment**

24 177. Plaintiff incorporates by reference and re-alleges each and every allegation set forth
25 above, as though fully set forth herein.
26
27
28

178. By their wrongful acts, violations of law, and false and misleading statements and omissions of material fact that they made and/or caused to be made, the Individual Defendants and Defendant Giguere were unjustly enriched at the expense of, and to the detriment of, Eco Science.

179. The Individual Defendants and Defendant Giguere either benefitted financially from the improper conduct, and received unjustly lucrative bonuses tied to the false and misleading statements, or received bonuses, stock options, or similar compensation from Eco Science that was tied to the performance or artificially inflated valuation of Eco Science, and/or received compensation or otherwise received payments that was unjust in light of the Individual Defendants' and Defendant Giguere's bad faith conduct.

180. Plaintiff, as a shareholder and a representative of Eco Science, seeks restitution from the Individual Defendants and Defendant Giguere and seeks an order from this Court disgorging all profits -- including from benefits and other compensation, including any performance-based or valuation-based compensation obtained by the Individual Defendants and Defendant Giguere due to their wrongful conduct and breach of their fiduciary duties.

181. Plaintiff on behalf of Eco Science has no adequate remedy at law.

THIRD CLAIM

Against Defendants J. Taylor and D. Taylor for Abuse of Control

182. Plaintiff incorporates by reference and re-alleges each and every allegation set forth above, as though fully set forth herein.

183. Defendants J. Taylor's and D. Taylor's misconduct alleged herein constituted an abuse of their ability to control and influence Eco Science, for which they are legally responsible.

184. As a direct and proximate result of the Defendants J. Taylor's and D. Taylor's abuse of control, Eco Science has sustained significant damages. As a direct and proximate result of the Individual Defendants' breaches of their fiduciary obligations of candor, good faith, and loyalty,

1 Eco Science has sustained and continues to sustain significant damages. As a result of the
2 misconduct alleged herein, Defendants J. Taylor and D. Taylor are liable to the Company.

3 185. Plaintiff on behalf of Eco Science has no adequate remedy at law.

4 **FOURTH CLAIM**

5 **Against Defendants J. Taylor and D. Taylor for Gross Mismanagement**

6 186. Plaintiff incorporates by reference and re-alleges each and every allegation set forth
7 above, as though fully set forth herein.

8 187. By their actions alleged herein, Defendants J. Taylor and D. Taylor, abandoned and
9 abdicated their responsibilities and fiduciary duties with regard to prudently managing the assets
10 and business of Eco Science in a manner consistent with the operations of a publicly-held
11 corporation.
12

13 188. As a direct and proximate result of Defendants J. Taylor's and D. Taylor's gross
14 mismanagement and breaches of duty alleged herein, Eco Science has sustained and will continue
15 to sustain significant damages.
16

17 189. As a result of the misconduct and breaches of duty alleged herein, Defendants J.
18 Taylor and D. Taylor are liable to the Company.

19 190. Plaintiff, on behalf of Eco Science, has no adequate remedy at law.
20

21 **FIFTH CLAIM**

22 **Against Defendants J. Taylor and D. Taylor for Waste of Corporate Assets**

23 191. Plaintiff incorporates by reference and re-alleges each and every allegation set forth
24 above, as though fully set forth herein.

25 192. As a result of the foregoing, and by failing to properly consider the interests of the
26 Company and its public shareholders, Defendants J. Taylor and D. Taylor have caused Eco Science
27 to waste valuable corporate assets, to pay themselves excessive compensation, to overpay with
28

1 Company stock for the acquisition of Ga Du Bank, to incur many millions of dollars of legal
2 liability and/or costs to defend unlawful actions, and to lose assets from investors and customers
3 who no longer trust the Company.

4 193. Defendants J. Taylor and D. Taylor additionally caused the Company to waste
5 valuable corporate assets through the Fraudulent Scheme, especially through the Stock Promotion
6 Scheme and through the significant amounts of common stock awarded to Defendant Giguiere's
7 companies for essentially nothing in return.

9 194. As a result of the waste of corporate assets, Defendants J. Taylor and D. Taylor are
10 each liable to the Company.

11 195. Plaintiff on behalf of Eco Science has no adequate remedy at law.

12 **SIXTH CLAIM**

13 **Against Individual Defendants and Defendant Giguiere for Aiding and Abetting Breach of** 14 **Fiduciary Duty**

15 196. Plaintiff incorporates by reference and re-alleges each and every allegation set forth
16 above, as though fully set forth herein.

17 197. To the extent any Individual Defendants did not breach their fiduciary duty, such
18 Individual Defendants aided and abetted the Individual Defendants who breached their fiduciary
19 duty to Eco Science.

20 198. To the extent Defendant Giguiere did not engage in the misconduct alleged herein,
21 Defendant Giguiere aided and abetted the Individual Defendants who breached their fiduciary duty
22 to Eco Science.

23 199. The Individual Defendants' and Defendant Giguiere's misconduct resulted in
24 continuous, connected, and on-going harm to the Company.

25 200. Specifically, Defendants Lewis and Oveson had knowledge of Eco Science's
26 directors' and officers' breaches of fiduciary duty due to their prior respective employments and
27
28

1 associations with Ga Du Bank/Ga Du Corporation, Defendants Lewis and Oveson had knowledge
2 of Eco Science's directors' and officers' breaches of fiduciary duty. Moreover, the making of their
3 false statements helped effectuate the acquisition of Ga Du Bank, Inc., which acquisition they
4 benefited from.

5
6 201. Defendants Lewis, Oveson, and Giguere participated in Defendants J. Taylor's and
7 D. Taylor's breaches of fiduciary duty by supporting Defendants J. Taylor's and D. Taylor's
8 engagement in the Fraudulent Scheme and failures to disclose material adverse facts as discussed
9 herein, while being aware that Ga Du Bank would not be able to provide the financial banking
10 services that Eco Science sought and had presented in its public statements or that the Company
11 was engaging in toxic transactions for the benefit of Defendant Giguere. Defendants Lewis and
12 Oveson consulted with Defendants J. Taylor and D. Taylor regarding the status of Ga Du Bank as a
13 viable route to Eco Science providing financial banking services and Eco Science's public
14 disclosures. Defendant Giguere personally benefitted from and was materially involved in the
15 Company's transactions with Defendant Giguere's companies that damaged the Company and the
16 false and misleading statements as outlined herein.

17
18 202. Defendants Lewis and Oveson also specifically aided and abetted Defendants J.
19 Taylor's and D. Taylor's causing the Company to overpay via Company stock for the acquisition of
20 Ga Du Bank in breach of their fiduciary duties.

21
22 203. Defendant Giguere also aided and abetted Defendants J. Taylor's and D. Taylor's
23 causing the Company to waste Company stock in its sham transactions with Separation One and
24 Phenix in breach of their fiduciary duties.

25 204. The Individual Defendants had the power and/or ability to, and did, directly or
26 indirectly control or influence the Company's general affairs, including the content of public
27
28

1 statements disseminated by Eco Science, and had the power and/or ability to directly or indirectly
2 control or influence one another.

3 205. Each Individual Defendant is jointly and severally liable to the same extent as any
4 other Defendant is liable for breaches of fiduciary duty as set forth herein or violations of any other
5 laws.

6 206. Defendant Giguiere is liable to the same extent as any other Defendant is liable for
7 violations of laws set forth herein.

8 207. As a direct and proximate result of Defendants Lewis, Giguiere, and Oveson's aiding
9 and abetting of Eco Science's directors' and officers' breaches of duty alleged herein, Eco Science
10 has sustained and will continue to sustain substantial damages.

11 208. Plaintiff on behalf of Eco Science has no adequate remedy at law.

12
13
14 **REQUEST FOR RELIEF**

15 FOR THESE REASONS, Plaintiff demands judgment in the Company's favor against all
16 Individual Defendants as follows:

17 (a) Declaring that Plaintiff may maintain this action on behalf of Eco Science,
18 and that Plaintiff is an adequate representative of the Company;

19 (b) Declaring that the Individual Defendants have breached and/or aided and
20 abetted the breach of their fiduciary duties to Eco Science;

21 (c) Determining and awarding to Eco Science the damages sustained by it as a
22 result of the violations set forth above from each of the Individual Defendants, jointly and severally,
23 together with pre-judgment and post-judgment interest thereon;

24 (d) Directing Eco Science and the Individual Defendants to take all necessary
25 actions to reform and improve its corporate governance and internal procedures to comply with
26 applicable laws and to protect Eco Science and its shareholders from a repeat of the damaging
27
28

events described herein, including, but not limited to, putting forward for shareholder vote the following resolutions for amendments to the Company's Bylaws or Articles of Incorporation and the following actions as may be necessary to ensure proper corporate governance policies:

1. a proposal to strengthen the Board's supervision of operations and develop and implement procedures for greater shareholder input into the policies and guidelines of the board;

2. a provision to permit the shareholders of Eco Science to nominate at least two candidates for election to the board; and

3. a proposal to ensure the establishment of effective oversight of compliance with applicable laws, rules, and regulations.

(e) Awarding Eco Science restitution from Individual Defendants, and each of them;

(f) Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees, costs, and expenses; and

(g) Granting such other and further relief as the Court may deem just and proper.

////

////

////

////

////

////

////

////

////

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: November 2, 2017

Respectfully submitted,

LEVERTY & ASSOCIATES LAW CHTD.

Patrick Leverty

Patrick R. Leverty, Esq., NV Bar No. 8840
832 Willow Street
Reno, NV 89502
Liaison Counsel for Plaintiff

THE ROSEN LAW FIRM, P.A.
Phillip Kim
275 Madison Avenue, 34th Floor
New York, NY 10016
Telephone: (212) 686-1060
Facsimile: (212) 202-3827
Email: pkim@rosenlegal.com
Counsel for Plaintiff

VERIFICATION

I, Hans Menos, am the plaintiff in the within action. I have read the foregoing complaint and know the contents thereof. The allegations of the complaint are true of my personal knowledge, except as to the matters therein stated to be alleged on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 19th day of October, 2017.



Hans Menos